



## State of Israel

### Issue of USD 5,000,000,000 3.800 per cent. Notes due 13 May 2060 (the "Notes")

Issue Price: 100 per cent.

Issue Date: 13 May 2020

This information package includes (i) the base prospectus dated 17 July 2019 in relation to EUR20,000,000,000 Euro Medium Term Note Programme, together with the supplement to the Base Prospectus dated 24 April 2020 (together, the "**Base Prospectus**") and (ii) the Final Terms dated 30 April 2020 in respect of the Notes (the "**Final Terms**" and, together with the Base Prospectus, the "**Information Package**") in connection with the offering and issue of the Notes by the State of Israel (the "**State**").

Application will be made by the State for the Notes to be listed on (i) the Taipei Exchange (the "**TPEX**") in the Republic of China (the "**ROC**") and (ii) the London Stock Exchange.

The Notes will be admitted to listing and trading on the TPEX pursuant to the applicable rules of the TPEX. The effective date of listing and trading of the Notes on the TPEX is on or about 13 May 2020.

The TPEX is not responsible for the content of the Information Package and no representation is made by the TPEX as to the accuracy or completeness of the Information Package. The TPEX expressly disclaims any and all liability for any losses arising from, or as a result of the reliance on, all or part of the contents of the Information Package. The admission of the Notes to listing and trading on the TPEX shall not be taken as an indication of the merits of the State or the Notes.

### **REPUBLIC OF CHINA SELLING RESTRICTION**

Each of the Managers has represented and agreed that the Notes have not been, and shall not be, offered, sold or re-sold, directly or indirectly to investors other than "professional investors" as defined under Paragraph 1 of Article 2-1 of the Taipei Exchange Rules Governing Management of Foreign Currency Denominated International Bonds of the Republic of China (the "**TPEX Rules**"). Purchasers of the Notes are not permitted to sell or otherwise dispose of the Notes except by transfer to the aforementioned professional investor.

### **REPUBLIC OF CHINA TAXATION**

*The following summary of certain taxation provisions under ROC law is based on current law and practice and that the Notes will be issued, offered, sold and re-sold, directly or indirectly, to professional investors as defined under Paragraph 1 of Article 2-1 of the TPEX Rules only. It does not purport to be comprehensive and does not constitute legal or tax advice. Investors (particularly those subject to special tax rules, such as banks, dealers, insurance companies and tax-exempt entities) should consult with their own tax advisers regarding the tax consequences of an investment in the Notes.*

### *Interest on the Notes*

As the State is not an ROC statutory tax withholder, there is no ROC withholding tax on the interest or deemed interest to be paid on the Notes.

Payments of any interest or deemed interest under the Notes to an ROC individual holder are not subject to ROC income tax as such payments received by him/her are not considered ROC sourced income. However, such holder must include the interest or deemed interest received in calculating his/her basic income for the purpose of calculating his/her alternative minimum tax ("**AMT**"), unless the sum of the interest or deemed interest and other non-ROC sourced income received by such holder and the person(s) who is (are) required to jointly file the ROC income tax return in a calendar year is below \$1 million New Taiwan Dollars ("**NT\$**"). If the amount of the AMT exceeds the annual income tax calculated pursuant to the ROC Income Basic Tax Act (also known as the AMT Act), the excess becomes such holder's AMT payable.

ROC corporate holders must include any interest or deemed interest receivable under the Notes as part of their taxable income and pay income tax at a flat rate of 20 per cent. (unless the total taxable income for a fiscal year is NT\$120,000 or under), as they are subject to ROC income tax on their worldwide income on an accrual basis. The AMT is not applicable.

Non-ROC corporate holders are not subject to income tax or AMT on any interest or deemed interest receivable or received under the Notes.

### *Sale of the Notes*

In general, the sale of corporate bonds, financial bonds or other securities for public offering approved by the government of the ROC is subject to 0.1 per cent. securities transaction tax ("**STT**") on the transaction price. However, Article 2-1 of the Securities Transaction Tax Act prescribes that STT will cease to be levied on the sale of corporate bonds and financial bonds from 1 January 2010 to 31 December 2026. Such Article 2-1 applies, *mutatis mutandis*, to the sale of foreign currency denominated bonds issued by foreign governments and approved by the government of the ROC for public offering. Accordingly, the sale of the Notes will be exempt from STT if the sale is conducted on or before 31 December 2026. Starting from 1 January 2027, any sale of the Notes will be subject to STT at 0.1 per cent. of the transaction price, unless otherwise provided by the tax laws or other governmental orders that may be in force at that time.

Capital gains generated from the sale of bonds are exempt from ROC income tax. Accordingly, ROC individual and corporate holders are not subject to ROC income tax on any capital gains generated from the sale of the Notes. In addition, ROC individual holders are not subject to AMT on any capital gains generated from the sale of the Notes. However, ROC corporate holders should include such capital gains in calculating their basic income for the purpose of calculating their AMT. If the amount of the AMT exceeds the annual income tax calculated pursuant to the ROC Income Basic Tax Act, the excess becomes the ROC corporate holders' AMT payable. Capital losses, if any, incurred from the sale of the Notes by such holders could be carried over 5 years to offset against capital gains of same category for the purposes of calculating their AMT.

Non-ROC corporate holders are not subject to ROC income tax on any capital gains generated from the sale of the Notes. However, for non-ROC corporate holders with a fixed place of business (e.g., a branch) or a business agent in the ROC, their fixed place of business or business agent should include any such capital gains in calculating their basic income for the purpose of calculating AMT.

## **ROC SETTLEMENT AND TRADING**

The State has not entered into any settlement agreement with Taiwan Depository & Clearing Corporation ("**TDCC**") and has no intention to do so.

In the future, if the State enters into a settlement agreement with TDCC, an investor, if it has a securities book-entry account with a Taiwan securities broker and a foreign currency deposit account with a Taiwanese bank,

may settle the Notes through the account of TDCC with Euroclear or Clearstream, Luxembourg if it applies to TDCC (by filing in a prescribed form) to transfer the Notes in its own account with Euroclear or Clearstream to such TDCC account with Euroclear or Clearstream, Luxembourg for trading in the domestic market or vice versa for trading in overseas markets. For settlement through TDCC, TDCC will allocate the respective Notes position to the securities book-entry account designated by such investor in the ROC. The Notes will be traded and settled pursuant to the applicable rules and operating procedures of TDCC and the TPEX as domestic bonds. For such investors who hold their interest in the Notes through an account opened and held by TDCC with Euroclear or Clearstream, Luxembourg, distributions of principal and/or interest for the Notes to such holders may be made by payment services banks whose systems are connected to TDCC to the foreign currency deposit accounts of the holders. Such payment is expected to be made on the second Taiwanese business day following TDCC's receipt of such payment (due to time difference, the payment is expected to be received by TDCC one Taiwanese business day after the distribution date). However, when the holders actually receive such distributions may vary depending upon the daily operations of the Taiwanese banks with which the holder has the foreign currency deposit account.

### **RISKS ASSOCIATED WITH LIMITED LIQUIDITY OF THE NOTES**

Application will be made for the listing of the Notes on the TPEX. No assurance can be given as to whether the Notes will be, or will remain, listed on the TPEX. If the Notes fail to, or cease to, be listed on the TPEX, certain investors may not invest in, or continue to hold or invest in, the Notes.

#### ***Lead Manager***

Goldman Sachs (Asia) L.L.C., Taipei Branch

#### ***Co-Manager***

Deutsche Bank AG, Taipei Branch

## FINAL TERMS

**MiFID II product governance / Retail investors, professional investors and ECPs target market** – Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties, professional clients and retail clients, each as defined in Directive 2014/65/EU (as amended, "**MiFID II**"); and (ii) all channels for distribution of the Notes are appropriate to eligible counterparties and professional clients; and (iii) the following channels for distribution of the Notes to retail clients are appropriate – investment advice and portfolio management. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturers' target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels, subject to the distributor's suitability and appropriateness obligations under MiFID II, as applicable.

Final Terms dated 30 April 2020

### STATE OF ISRAEL

**Legal Entity Identifier ("LEI"): 213800T8ZHTFZIBYPE21**

**Issue of USD 5,000,000,000 3.800 per cent. Notes due 13 May 2060**  
**(the "Notes")**

**under the €20,000,000,000**  
**Euro Medium Term Note Programme**

The Base Prospectus referred to below (as completed by these Final Terms) has been prepared on the basis that any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Member State, from the requirement to publish a prospectus for offers of the Notes. Accordingly any person making or intending to make an offer in that Member State of the Notes may only do so in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. Neither the Issuer nor any Dealer has authorised, nor do they authorise, the making of any offer of Notes in any other circumstances.

The expression "**Prospectus Directive**" means Directive 2003/71/EC (as amended or superseded), and includes any relevant implementing measure in each Member State of the European Economic Area which has implemented the Prospectus Directive.

### PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated 17 July 2019 and the supplement to it dated 24 April 2020 which together constitute a base prospectus for the purposes of the Prospectus Directive (the "**Base Prospectus**"). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Base Prospectus as so supplemented. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus as so supplemented. The Base Prospectus and the supplement thereto have been published on the website of the Regulatory News Service operated by the London Stock Exchange at [www.londonstockexchange.com/exchange/news/market-news/market-news-home.html](http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html) and are available for viewing at, and copies may be obtained from, the Ministry of Finance of Israel at 1 Kaplan Street/Hakiria, Jerusalem 91131, Israel and the offices of Citibank NA London Branch at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, United Kingdom.

- |    |                      |                 |
|----|----------------------|-----------------|
| 1. | Issuer:              | State of Israel |
| 2. | (i) Series Number:   | 21              |
|    | (ii) Tranche Number: | 1               |

3.	Specified Currency:	U.S. Dollars ("USD")
4.	Aggregate Nominal Amount:	USD 5,000,000,000
5.	Issue Price:	100 per cent.
6.	(i) Specified Denomination(s):	USD200,000 and integral multiples of USD1,000 thereafter
	(ii) Calculation Amount:	USD1,000
7.	(i) Issue Date:	13 May 2020
	(ii) Interest Commencement Date:	Issue Date
8.	Maturity Date:	13 May 2060
9.	Interest Basis:	3.800 per cent. Fixed Rate
10.	Redemption Basis:	Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at 100 per cent. of their nominal amount.
11.	Put/Call Options:	Not Applicable

#### **PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

12.	<b>Fixed Rate Note Provisions</b>	Applicable
	(a) Rate of Interest:	3.800 per cent. per annum payable semi-annually in arrear on each Interest Payment Date
	(b) Interest Payment Date(s):	Every 13 May and 13 November each year, commencing on 13 November 2020 up to and including the Maturity Date; not adjusted
	(c) Fixed Coupon Amount:	USD 19.00 per Calculation Amount
	(d) Broken Amount(s):	Not Applicable
	(e) Fixed Day Count Fraction:	30/360
13.	<b>Floating Rate Note Provisions</b>	Not Applicable
14.	<b>Zero Coupon Note Provisions</b>	Not Applicable

#### **PROVISIONS RELATING TO REDEMPTION**

15.	Notice periods for Condition 6(b) and 6(c):	Not Applicable
16.	<b>Issuer Call</b>	Not Applicable
17.	<b>Investor Put</b>	Not Applicable
18.	<b>Final Redemption Amount of each Note</b>	USD1,000 per Calculation Amount
19.	<b>Early Redemption Amount</b>	
	Early Redemption Amount(s) per Calculation Amount payable on redemption for taxation reasons or on event of default or other early redemption:	USD1,000 per Calculation Amount

#### **GENERAL PROVISIONS APPLICABLE TO THE NOTES**

20.	<b>Form of Notes:</b>	Registered Notes:
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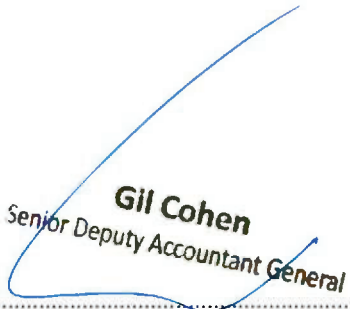
Global Note registered in the name of a nominee for a common depository for Euroclear and Clearstream, Luxembourg

- |     |   |                   |
|-----|---|-------------------|
| 21. | Talons for future Coupons to be attached to Definitive Notes (and dates on which such Talons mature): | No                |
| 22. | Calculation Agent:  | Not Applicable    |
| 23. | Additional Financial Centre(s):   | London and Taipei |
| 24. | Additional Renminbi Clearing Financial Centre(s):   | Not Applicable    |

SIGNATURE

Signed on behalf of State of Israel:

By:   
רוני חוקיתו  
חשב הכלל  
Duly authorised

By:   
Gil Cohen  
Senior Deputy Accountant General  
Duly authorised

## PART B — OTHER INFORMATION

### 1. LISTING AND ADMISSION TO TRADING

Application will be made for the Notes to be admitted to listing on the Official List of the FCA and to trading on the Regulated Market of the London Stock Exchange effective as of 13 May 2020. Application will also be made to the Taipei Exchange ("TPEX") in the Republic of China for the listing and trading of the Notes on the TPEX effective as of 13 May 2020.

### 2. RATINGS

The Notes to be issued under the Programme have been rated:

S&P Global Ratings, acting through Standard and Poor's Credit Market Services Europe Limited: AA-

Moody's Investors Service, Inc.: A1

Fitch Ratings Ltd: A+

### 3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE/OFFER

The Issuer is not aware of any interest(s) material to the issue of the Notes, other than any fees payable to the Managers.

### 4. REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES

Reasons for the offer: The net proceeds from the issue of the Notes will be used for the general financing purposes of the Issuer.

Estimated total expenses: USD 25,650

### 5. YIELD

Indication of yield: 3.800 per cent. per annum.

### 6. OPERATIONAL INFORMATION

ISIN: XS2167193015

Common Code: 216719301

Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking S.A. and the relevant identification number(s): Not Applicable

Names and addresses of additional Paying Agent(s) (if any): Not Applicable

Delivery: Delivery against payment

### 7. DISTRIBUTION

Method of distribution: Syndicated

If syndicated: Applicable

(a) Names and addresses of Managers and underwriting commitments: Goldman Sachs (Asia) L.L.C., Taipei Branch (Taipei Metro Tower, 11th Floor, 207 Tun Hua South Road, Sec. 2, Taipei, Taiwan, 10675), as the Lead Manager with an underwriting commitment of USD 210,000,000.

Deutsche Bank AG, Taipei Branch (10/F, 296 Ren-Ai Road Sec. 4, Taipei, Taiwan, R.O.C.), as the manager, with an underwriting commitment of USD 4,790,000,000.

(b) Date of Subscription Agreement: 30 April 2020



(c) Stabilisation Manager:	Not Applicable
If non-syndicated, name of Manager:	Not Applicable
Indication of the overall amount of the underwriting commission and of the placing commission:	Underwriting Commission and Structuring Fee: 0.30 per cent. of the Aggregate Nominal Amount of the Tranche
U.S. Selling Restrictions:	Regulation S Compliance Category 1; TEFRA not applicable

Dated 17 July 2019

STATE OF ISRAEL



€12,000,000,000

**Euro Medium Term Note Programme**

Under the Euro Medium Term Note Programme (the "**Programme**") described in this document, State of Israel (the "**Issuer**" or "**Israel**") may from time to time issue Notes (as defined herein). Any Notes issued under the Programme on or after the date of this document are issued subject to the provisions described herein. This does not affect any notes already issued.

Pages 1 to 77 (inclusive) of this document comprise a base prospectus (the "**Base Prospectus**") for the purposes of Article 5.4 of the Prospectus Directive (as defined herein) in respect of notes ("**PD Notes**" or "**Notes**") to be admitted to the Official List of the Financial Conduct Authority (in its capacity as competent authority for the purposes of Part VI of the Financial Services and Markets Act 2000 as amended, the "**FCA**") and admitted to trading on the Regulated Market of the London Stock Exchange plc (the "**London Stock Exchange**").

Pages 78 to 132 (inclusive) of this document comprise an offering circular (the "**Offering Circular**"), which has been prepared by the Issuer in connection with the issue of notes other than PD Notes ("**Non PD Notes**"). The Offering Circular has not been reviewed or approved by the FCA and does not constitute a base prospectus for the purposes of the Prospectus Directive.

Applications have been made for PD Notes issued during the period of 12 months from the date of the Base Prospectus to be admitted to the Official List of the FCA and to trading on the Regulated Market of the London Stock Exchange, which is a regulated market for the purposes of Directive 2014/65/EU (the "**Markets in Financial Instruments Directive**").

Notes may be issued in bearer or registered form (respectively "**Bearer Notes**" and "**Registered Notes**") on a continuing basis to one or more of the Dealers specified herein and any additional Dealer appointed under the Programme from time to time, which appointment may be for a specific issue or on an ongoing basis (each a "**Dealer**" and together the "**Dealers**"). References in the Base Prospectus to the "**relevant Dealer**" shall, in relation to any issue of Notes, be to the Dealer or Dealers agreeing to purchase such Notes. Notes may be denominated in any currency agreed between the Issuer and the relevant Dealer **provided that** no PD Notes may be issued under the Programme which have a minimum denomination of less than €1,000 (or equivalent in another currency).

Notes of each Tranche (as defined herein) will (unless otherwise specified in the applicable Final Terms) initially be represented by one or more global Notes which will be deposited on the issue date thereof (the "**Issue Date**") with a common depository on behalf of Euroclear Bank SA/NV ("**Euroclear**"), Clearstream Banking S.A. ("**Clearstream, Luxembourg**") and/or any other agreed clearance system. Except in the circumstances described in each global Note, all as further described in "*Form of the Notes*" below, investors will not be entitled to receive Notes in definitive form.

There are certain risks relating to any issue of Notes, which investors should ensure they fully understand (see "*Risk Factors*" on pages 12 to 20 (inclusive) of the Base Prospectus and "*Risk Factors*" on page 87 of the Offering Circular regarding additional risks relating to the Non PD Notes).

Amounts payable on PD Notes which are Floating Rate Notes will be calculated by reference to LIBOR or EURIBOR as specified in the relevant Final Terms. As at the date of this Base Prospectus, the administrator of LIBOR, ICE Benchmark Administration Limited, is included in ESMA's register of administrators under Article 36 of the Regulation (EU) No. 2016/1011 (the "**Benchmarks Regulation**"); the administrator of EURIBOR is not included in ESMA's register of administrators. As far as the Issuer is aware, the transitional provisions in Article 51 of the Benchmarks Regulation apply, such that European Money Markets Institute (as

administrator of EURIBOR) is not currently required to obtain authorisation/registration (or, if located outside the European Union, recognition, endorsement or equivalence).

*Arranger*

**Barclays**

*Dealers*

**Barclays**  
**BofA Merrill Lynch**  
**Deutsche Bank**  
**Morgan Stanley**

**BNP PARIBAS**  
**Citigroup**  
**Goldman Sachs International**  
**UBS Investment Bank**

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## CREDIT RATINGS

As of the date of the Base Prospectus, the long-term foreign currency sovereign credit ratings of the Issuer are: A1 (Moody's Investors Service, Inc.), AA- (Standard & Poor's Credit Market Services Europe Limited) and A+ (Fitch Ratings Ltd). The Programme has also been rated (P)A1 by Moody's Investors Service, Inc., AA- by S&P Global Ratings, acting through Standard and Poor's Credit Market Services Europe Limited and A+ by Fitch Ratings Ltd.

Standard & Poor's Credit Market Services Europe Limited and Fitch Ratings Ltd are established in the European Economic Area (the "EEA") and registered under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**"). Moody's Investors Service, Inc. is not established in the EEA and is not certified under the CRA Regulation; however ratings issued by it are endorsed by Moody's Investors Service Ltd., which is established in the EEA and registered under the CRA Regulation.

Notes issued under the Programme may be rated or unrated. Where an issue of Notes is rated, the applicable rating(s) will be specified in the applicable Final Terms. Such rating(s) will not necessarily be the same as the ratings assigned to the Issuer, the Programme or to notes already issued.

The European Securities and Markets Authority ("**ESMA**") is obliged to maintain on its website, [www.esma.europa.eu](http://www.esma.europa.eu), a list of credit rating agencies registered and certified in accordance with the CRA Regulation. This list must be updated within five working days of ESMA's adoption of any decision to withdraw the registration of a credit rating agency under the CRA Regulation. Therefore, such list is not conclusive evidence of the status of the relevant rating agency as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list.

In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the EEA and registered under the CRA Regulation unless (1) the rating is provided by a credit rating agency not established in the EEA but is endorsed by a credit rating agency established in the EEA and registered under the CRA Regulation or (2) the rating is provided by a credit rating agency not established in the EEA, but which is certified under the CRA Regulation.

A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

## **IMPORTANT NOTICES**

### ***Responsibility for the Base Prospectus***

The Issuer accepts responsibility for the information contained in the Base Prospectus. To the best of the knowledge and belief of the Issuer (which has taken all reasonable care to ensure that such is the case) the information contained in the Base Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

### ***Other relevant information***

The Dealers have not separately verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Dealers as to the accuracy or completeness of the information contained in the Base Prospectus or any other information provided by the Issuer in connection with the Programme or any Notes.

The Base Prospectus is to be read in conjunction with all information which is deemed to be incorporated herein by reference (see "*Information Incorporated by Reference*" below) and construed on the basis that such information is incorporated in and forms part of the Base Prospectus and must be read and construed together with the applicable Final Terms.

### ***Unauthorised information***

No person is or has been authorised to give any information or to make any representation not contained in or not consistent with the Base Prospectus or any other information provided by the Issuer in connection with the Programme or any Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or any of the Dealers.

Neither the Base Prospectus nor any other information supplied in connection with the Programme or any Notes should be considered as a recommendation or constituting an invitation or offer by the Issuer or any of the Dealers that any recipient of the Base Prospectus or any other information supplied in connection with the Programme or any Notes should purchase any Notes. Each Investor contemplating purchasing Notes should make its own independent investigation of the affairs, and its own appraisal of the creditworthiness, of the Issuer. Neither the Base Prospectus nor any other information supplied in connection with the Programme or any Notes constitutes an offer by or on behalf of the Issuer or any of the Dealers to any person to subscribe for or to purchase any Notes.

### ***Restrictions on distribution of this Base Prospectus and offers of Notes***

The delivery of the Base Prospectus does not at any time imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. The Dealers expressly do not undertake to review the financial condition or affairs of the Issuer during the life of the Programme.

The distribution of the Base Prospectus and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuer and the Dealers do not represent that this document may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering.

In particular, (1) the Notes may only be offered within the EEA to qualified investors (as defined in the Prospectus Directive) on an exempt basis pursuant to Article 3(2) of the Prospectus Directive and (2) unless specifically indicated to the contrary in the applicable Final Terms, no action has been taken by the Issuer or the Dealers which is intended to permit a public offering of any Notes outside the EEA or distribution of this document in any jurisdiction where action for that purpose is required.

Accordingly, no Notes may be offered or sold, directly or indirectly, and neither the Base Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations, and the Dealers have

represented that all offers and sales by them will be made on the same terms. Persons into whose possession the Base Prospectus or any Notes come must inform themselves about, and observe, any such restrictions. In particular, there are restrictions on the distribution of the Base Prospectus and the offer or sale of Notes in the United States, the European Economic Area (including the United Kingdom and The Netherlands), Japan, the People's Republic of China, Hong Kong and Singapore (see "*Subscription and Sale*" below).

The Notes have not been and will not be registered under the United States Securities Act 1933, as amended (the "**Securities Act**") and are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to U.S. persons (see "*Subscription and Sale*" below).

### ***Investment considerations***

Each potential Investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential Investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in the Base Prospectus or any applicable supplement;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential Investor's currency;
- (iv) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant financial markets; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Notes are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential Investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential Investor's overall investment portfolio.

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential Investor should consult its legal advisers to determine whether and to what extent (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

### ***Final Terms or Drawdown Prospectus***

Details of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and any other terms not contained herein which are applicable to each Tranche of Notes will be set forth in final terms (the "**Final Terms**") or a separate prospectus specific to such Tranche (the "**Drawdown Prospectus**").

In this section, the expression "necessary information" means, in relation to any Tranche of Notes, the information necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer and of the rights attaching to the Notes. In relation to the different types of Notes which may be issued under the Programme, the Issuer has included in the Base



Prospectus all of the necessary information except for information relating to the Notes which is not known at the date of the Base Prospectus and which can only be determined at the time of an individual issue of a Tranche of Notes.

Any information relating to the Notes which is not included in the Base Prospectus and which is required in order to complete the necessary information in relation to a Tranche of Notes will be contained in the applicable Final Terms. Such information will be contained in the applicable Final Terms unless any of such information constitutes a significant new factor or new term relating to the information contained in the Base Prospectus in which case such information, together with all of the other necessary information in relation to the relevant Tranche of Notes, may be contained in a Drawdown Prospectus.

Each Drawdown Prospectus will be constituted by a single document containing the necessary information relating to the Issuer and the relevant Notes. The terms applicable to any particular Tranche of Notes which is the subject of a Drawdown Prospectus will be the "*Terms and Conditions of the PD Notes*" as supplemented, amended and/or replaced to the extent described in the applicable Drawdown Prospectus.

In the case of a Tranche of Notes which is the subject of a Drawdown Prospectus, each reference in the Base Prospectus to information being specified or identified in the applicable "Final Terms" shall be to such information being specified or identified in the applicable Drawdown Prospectus unless the context requires otherwise.

With respect to a Tranche of Notes to be admitted to listing, the applicable Final Terms will be delivered to the FCA on or before the date of issue of the Notes of such Tranche and the applicable Drawdown Prospectus will be approved by the FCA on or before the date of issue of the Notes of such Tranche.

#### ***Stabilisation***

In connection with the issue of any Tranche of Notes, a Dealer or Dealers (the "**Stabilisation Manager(s)**") named as such in the applicable Final Terms or Drawdown Prospectus may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilisation Manager(s) (or person(s) acting on behalf of any Stabilisation Manager(s)) in accordance with all applicable laws and rules.

#### ***MiFID II product governance / target market***

The Final Terms in respect of any Notes will include a legend entitled "MiFID II product governance" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the target market assessment; however, a distributor subject to Directive 2014/65/EU (as amended, "**MiFID II**") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the Product Governance rules under EU Delegated Directive 2017/593 (the "**MiFID Product Governance Rules**"), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

#### ***Singapore Product Classification***

Notification under Section 309B(1)(c) of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the "**SFA**") – Unless otherwise stated in the Final Terms, all Notes issued or to be issued under the Programme shall be prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore) and Excluded Investment Products (as

defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

## DEFINITIONS

Unless otherwise specified, all references in the Base Prospectus to:

- "U.S. dollars", "U.S.\$" and "USD" refer to the currency of the United States of America;
- "NIS" refer to the currency of State of Israel;
- "Sterling" and "£" refer to the currency of the United Kingdom;
- "euro", "EUR" and "€" refer to the currency introduced at the start of the third stage of European economic and monetary union, and as defined in Article 2 of Council Regulation (EC) No 974/98 of 3 May 1998 on the introduction of the euro, as amended;
- "Renminbi" and "CNY" refer to the currency of the People's Republic of China (excluding Hong Kong, Macau and Taiwan) (the "PRC");
- "S\$" refer to the currency of Singapore;
- PD Notes being "listed" (and all related references) shall mean that such PD Notes have been (or will upon, or following, issue be) admitted to the Official List and to trading on the Regulated Market of the London Stock Exchange;
- the "Prospectus Directive" refer to Directive 2003/71/EC (as amended or superseded), and include any relevant implementing measure in the Relevant Member State;
- "Member State" refer to a member state of the EEA; and
- "Relevant Member State" refer to a Member State which has implemented the Prospectus Directive.

**SUMMARY OF THE PROGRAMME AND TERMS AND CONDITIONS OF THE PD NOTES**

*Summaries are made up of disclosure requirements known as "Elements". These elements are numbered in Section A – E (A.1 – E.7).*

*This summary contains all the Elements required to be included in a summary for this type of securities and Issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.*

*Even though an Element may be required to be inserted in the summary because of the type of securities and Issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of "Not Applicable".*

*Words and expressions defined in the "Terms and Conditions of the PD Notes" below or elsewhere in the Base Prospectus have the same meanings in this summary.*

<b>SECTION A – INTRODUCTION AND WARNINGS</b>		
<b>A.1</b>	<b>Introduction and Warnings.</b>	<p>This summary must be read as an introduction to the Base Prospectus and any decision to invest in the Notes should be based on a consideration of the Base Prospectus as a whole, including any information incorporated by reference.</p> <p>Following the implementation of the Prospectus Directive in each Member State of the European Economic Area, no civil liability will attach to the Issuer in any such Member State solely on the basis of this summary, including any translation thereof, unless it is misleading, inaccurate or inconsistent when read together with the other parts of the Base Prospectus, including any information incorporated by reference or it does not provide, when read together with the other parts of the Base Prospectus, key information in order to aid Investors when considering whether to invest in the Notes.</p> <p>Where a claim relating to the information contained in the Base Prospectus is brought before a court in a Member State of the European Economic Area, the plaintiff may, under the national legislation of the Member States, be required to bear the costs of translating the Base Prospectus before the legal proceedings are initiated.</p>
<b>A.2</b>	<b>Consent to use of the Base Prospectus.</b>	<p>Not Applicable. The Notes may only be offered within the EEA to qualified investors (as defined in the Prospectus Directive) on an exempt basis pursuant to Article 3(2) of the Prospectus Directive. The Issuer has not, and will not, give its consent for any financial intermediary or other offeror to use the Base Prospectus in connection with any offer of the Notes.</p>

<b>SECTION B – THE ISSUER</b>		
<b>B.17</b>	<b>Credit ratings.</b>	<p>The long-term foreign currency sovereign credit ratings of the Issuer are: A1 (Moody's Investors Service, Inc.), AA- (Standard &amp; Poor's Credit Market Services Europe Limited) and A+ (Fitch Ratings Ltd).</p> <p>The Programme has also been rated (P)A1 by Moody's Investors Service, Inc., AA- by S&amp;P Global Ratings, acting through Standard and Poor's Credit Market Services Europe Limited and A+ by Fitch Ratings Ltd.</p>

<b>SECTION B – THE ISSUER</b>		
		<p>The Notes to be issued have not been rated/have been rated:</p> <p>S&amp;P Global Ratings, acting through Standard and Poor's Credit Market Services Europe Limited: [ ].</p> <p>Moody's Investors Service, Inc.: [ ].</p> <p>Fitch Ratings Ltd: [ ].</p>
<b>B.47</b>	<b>Description of the Issuer, including its economy.</b>	<p>State of Israel is a sovereign issuer, located in the State of Israel.</p> <p>The Israeli economy grew at a pace of 3.3% in 2018, as compared to growth rates of 3.5% in 2017, 4.0% in 2016, 2.6% in 2015 and 3.9% in 2014. Gross domestic product ("<b>GDP</b>") growth was volatile during 2018. In the first quarter GDP growth rate stood at 3.8% at an annual rate while during the second quarter, the growth rate amounted to 1.0%. The second half of 2018 reflected a recovery with growth rates of 2.8% and 3.8% for the third and fourth quarters, respectively. In the first quarter of 2019, the growth rate stood at 4.8%.</p> <p>In 2014, business sector product (calculated as GDP less certain general government services, services of private non-profit institutions and housing services) decreased compared to the 2013 growth rate, as business sector output grew by 4.0% in 2014. This slowdown was partly due to the negative effects of Operation Protective Edge, (a defensive military operation in response to Hamas firing rockets from Gaza into Israel in the summer of 2014), which took place in July and August of 2014. In 2015, the business sector output grew by 2.6%, lower than the 2014 figure. In the fourth quarter of 2015, the growth rate accelerated, and the relatively high growth rates continued in 2016, as the business sector GDP grew by 4.2%. In 2017, the business sector GDP grew at 3.6%, a similar pace to the total economy. In 2018, the business sector GDP grew by 3.4%, a similar pace to the total economy.</p> <p>Growth of private consumption increased in 2018 as compared to 2017, with total private consumption reaching 728 in 2018, 701 in 2017, 678 in 2016 and 637 in 2015 (in billions of NIS at constant 2015 prices). Annual growth in private consumption, which was 4.6% during 2013-2016, was 3.4% in 2017 and 3.9% in 2018.</p>
<b>B.48</b>	<b>Public finance and trade.</b>	<p><b><i>Balance of Payments and Foreign Trade</i></b></p> <p>Israel had a current account surplus of 3.0% of GDP in 2018, a slight increase from 2.9% in 2017. This surplus follows fifteen years of a positive surplus in the current account.</p> <p>Israel is a party to free trade agreements with its major trading partners and it is one of the few nations that has signed free trade agreements with both the United States and the European Union (the "<b>EU</b>").</p> <p>Israeli net exports decreased from a peak surplus of \$9.6 billion in 2015 to \$5.9 billion in 2016 and 2017, and decreased to \$2.7 billion in 2018.</p> <p>Focusing on trade in goods, in 2018, Israel's goods exports (including diamonds returned by importers abroad and other returns to exporters in Israel) was \$62.0 billion (up from \$61.2 billion in 2017), of which 35.4 % were to Europe (down from 36.4% in 2017), 27.0% were to the United</p>

<b>SECTION B – THE ISSUER</b>		
		<p>States (down from 27.9% in 2017), 24.7% were to Asia (up from 22.2% in 2017), and 12.9% were to other markets (down from 13.5% in 2017). In 2018, Israel's goods imports (including un-worked diamonds returned to suppliers abroad and other returns to exporters abroad) was \$76.6 billion (up from \$69.1 billion in 2017), of which, 56.9% came from Europe (up from 55.7% in 2017), 24.5% came from Asia (down from 25.8% in 2017), 12.7% came from the United States (up from 11.7% in 2017), and 5.9% came from other countries (down from 6.8% in 2017).</p> <p><b><i>Fiscal Policy</i></b></p> <p>The budget and economic plan proposal for the fiscal years 2017 and 2018 was approved by the Knesset on 22 December 2016 and for the fiscal year 2019 was approved by the Knesset on 15 March 2018. In the approved budget for fiscal years 2017 and 2018 and in the approved budget for the fiscal year 2019 the deficit target was set to 2.9% of GDP.</p> <p>The deficit for the years 2017 and 2018 stood at 1.9% and 2.9%, respectively. Since 1995, the deficit has exceeded 4% only in 2003 and 2009, and in the last five years the deficit has remained below 3% of GDP.</p> <p>Israel continued its debt reduction policy and has reduced its general government debt-to-GDP (including local authorities' debt) from 90% in 2002 to 61% in 2018.</p> <p>In 2018, the general government debt-to-GDP increased by 0.5%, ending the year at 61.0%. Israel's general government debt-to-GDP stood at 60.5% in 2017, 62.1% in 2016, 63.7% in 2015 and 65.8% in 2014.</p> <p><b><i>Inflation and Monetary Policy</i></b></p> <p>Measured at year end, the consumer price index ("CPI") increased by 0.8% in 2018 and by 1.5% between December 2018 and May 2019, as compared to an increase of 0.4% in 2017, a decrease of 0.2% in 2016 and a decrease of 0.1% in 2015. The changes in the CPI reflect a rise in the prices of commodities, housing, oil and agricultural products. Since late 2011, due to subsiding inflationary pressures and appreciation pressures on the NIS, coupled with a slowdown in the global economy and moderate growth in the Israeli economy, the Bank of Israel gradually lowered the nominal interest rate, reaching 0.1% in March 2015. The rate remained the same until December 2018 when the Bank of Israel increased it to 0.25%. As of July 2019, the rate remains 0.25%.</p> <p>Over the past five years, the NIS/USD exchange rate has averaged 3.7, fluctuating between a high of 4.05 (recorded on 20 March 2015) and a low of 3.39 (recorded on 26 January 2018). The current exchange rate (3.5660 as of 28 June 2019) is thus slightly below the five-year average.</p>

<b>SECTION C – THE NOTES</b>		
<b>C.1</b>	<b>Type and class of the Notes.</b>	<p><b><i>Issuance in Series:</i></b> Notes will be issued in Series. Each Series may comprise one or more Tranches issued on different issue dates. The Notes of each Series will all be subject to identical terms, except for the issue dates, interest commencement dates and/or issue prices of the respective Tranches.</p>

**SECTION C – THE NOTES**

		<p><b>Forms of Notes:</b> Notes may be issued in either bearer or registered form. Registered Notes will not be exchangeable for Bearer Notes and <i>vice versa</i>. Each Tranche of Notes will initially be represented by one or more global Notes, which will be deposited with a common depository for Euroclear and Clearstream, Luxembourg. Except in circumstances described in each global Note, investors will not be entitled to receive Notes in definitive form.</p>
		<p>Notes issued in bearer form will initially be represented by a temporary global Note or a permanent global Note. Interests in each temporary global Note will be exchanged for either interests in a permanent global Note or for Definitive Notes, in either case not earlier than the later of (i) 40 days after the applicable Issue Date and (ii) 40 days after completion of distribution of the relevant Tranche upon certification of non-U.S. beneficial ownership as required by U.S. Treasury regulations. If U.S. Treasury Regulation §.1.163.5(c)(2)(i)(D) (“<b>TEFRA D</b>”) is applicable to a Series of Notes, certification as to non-U.S. beneficial ownership will be a condition precedent to any exchange of an interest in the temporary global Note or receipt of any payment of interest in respect of the temporary global Note. Each permanent global Note will be exchangeable for Definitive Notes in accordance with its terms. Definitive Notes in bearer form will, if interest-bearing, have Coupons and, if on exchange into definitive form more than 27 Coupon payments are left, a Talon for further Coupons attached.</p> <p>Notes issued in registered form will initially be represented by a global Note in registered form which will be registered in the name of the nominee for the Common Depository of Euroclear and Clearstream, Luxembourg, as specified in the applicable Final Terms. A global Note in registered form will be exchangeable in whole but not in part for registered Notes in definitive form without interest coupons or talons attached in accordance, in accordance with its terms.</p> <p>[Notes will be represented on issue by a [temporary/permanent] global Note exchangeable for a [permanent global Note/Definitive Notes [with Coupons [and a Talon] attached]] in accordance with its terms. [[The permanent global Note will be exchangeable for Definitive Notes [with Coupons [and a Talon] attached] in accordance with its terms.]] TEFRA [C/D] is applicable./TEFRA is not applicable.]]</p> <p>[Notes will be represented on issue by a global Note in registered form registered in the name of a nominee for a common depository for Euroclear and Clearstream, Luxembourg. The registered global Notes will be exchangeable for Definitive registered Notes in accordance with its terms.]</p> <p><b>Security Identification Number(s):</b> The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg (which are the entities in charge of keeping the records). Each Tranche of Notes will be allocated an International Securities Identification Number (ISIN), Common Code, and may be allocated a Classification of Financial Instrument (CFI) code and Financial Instrument Short Name (FISN). Notes issued in Series comprising more than one Tranche may be assigned a temporary ISIN and Common Code on issue.</p>

<b>SECTION C – THE NOTES</b>		
		The Notes have the ISIN [ ] [ and/,] the Common Code [ ][, the CFI Code [ ] and the FISN [ ]].
<b>C.2</b>	<b>Currencies.</b>	<p><b>Currencies:</b> Notes will be issued in such currencies as may be agreed between the Issuer and the relevant Dealer(s), subject to any applicable legal or regulatory restrictions or requirements.</p> <p>The Specified Currency of the Notes is [ ]. [If the Issuer is not able to satisfy in full payments of principal or interest in respect of Renminbi denominated Notes when due as a result of Illiquidity, Inconvertibility or Non-transferability, the Issuer may settle any such payment (in whole or in part) in U.S. dollars.]</p> <p><b>Denominations:</b> Notes will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer(s), provided that no Notes may be issued under the Programme which have a minimum denomination of less than €1,000 (or nearly equivalent in another currency) and subject to compliance with all applicable legal and/or regulatory and/or central bank requirements applicable to the relevant Specified Currency.</p> <p>Where Notes have a maturity of less than one year and either (a) the issue proceeds are received by the Issuer in the United Kingdom or (b) the activity of issuing the Notes is carried on from an establishment maintained by the Issuer in the United Kingdom, such Notes must (a) have a minimum denomination of £100,000 (or its equivalent in other currencies) and be issued only to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses; or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses or (b) be issued in other circumstances which do not constitute a contravention of section 19 of the FSMA by the Issuer.</p> <p>Where any global Note is exchangeable for a definitive Note other than in the limited circumstances specified in the relevant global Note, such Notes shall be tradeable only in principal amounts of at least the Specified Denomination (or if more than one Specified Denomination, the lowest Specified Denomination).</p> <p>The Notes are issued in denomination(s) of [ ].</p>
<b>C.5</b>	<b>Restrictions on free transferability of the Notes.</b>	Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes the Base Prospectus and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the Issuer nor any other Dealer shall have any responsibility therefor.
<b>C.8</b>	<b>Ranking of the Notes, rights of</b>	<b>Status of the Notes:</b> The Notes will constitute direct, unconditional and unsecured obligations of the Issuer and will rank <i>pari passu</i> , without



**SECTION C – THE NOTES**

	<p><b>the Notes and any limitations to those rights.</b></p>	<p>preference among themselves, with all other unsecured External Indebtedness of the Issuer, from time to time outstanding, <b>provided further that</b> the Issuer shall have no obligation to effect equal or rateable payment(s) at any time with respect to any such other External Indebtedness and, in particular, shall have no obligation to pay other External Indebtedness at the same time or as a condition of paying sums due on the Notes and <i>vice versa</i>.</p> <p><b>"External Indebtedness"</b> means any Indebtedness which is payable by its terms or at the option of its holder in any currency other than the currency of Israel and <b>"Indebtedness"</b> means all obligations of the Issuer in respect of borrowed money and guarantees given by the Issuer in respect of money borrowed by others.</p> <p><b>Taxation:</b> All payments of principal and interest in respect of the Notes will be made without deduction for or on account of withholding taxes imposed within State of Israel unless required by law. In the event that any such deduction is made, the Issuer will, save in certain limited circumstances, be required by law to pay additional amounts in respect of the amounts so deducted.</p> <p><b>Governing law:</b> The Notes and all non-contractual obligations arising out of, or in connection with them, will be governed by English law.</p> <p><b>Enforcement of Notes in global form:</b> In the case of global Notes, individual investors' rights against the Issuer will be governed by a Deed of Covenant dated 17 July 2019.</p> <p><b>Limitations on the rights attaching to the Notes:</b> This part of the Element is not applicable, as there are no such limitations on rights attaching to the Notes.</p>
<p><b>C.9</b></p>	<p><b>Interest, redemption, yield and representative of the Noteholders.</b></p>	<p><b>Interest:</b> Notes may be interest bearing or non-interest bearing. Interest (if any) may accrue at a fixed rate or a floating rate. The applicable interest rate or its method of calculation may differ from time to time or be constant for any Series of Notes. Notes may have a maximum interest rate, a minimum interest rate, or both. The length of the interest periods for the Notes may also differ from time to time or be constant for any Series of Notes.</p> <p>The Notes are [interest bearing and are Fixed Rate Notes/Floating Rate Notes]/[Zero Coupon Notes issued at a discount of [ ] per cent. to the nominal amount of the Notes which will not bear interest other than in the case of late payment].</p> <p>Nominal interest rate: [ ].</p> <p>Interest Commencement Date: [ ].</p> <p>Interest Payment Date(s): [ ].</p> <p>[Reference Rate: [LIBOR/EURIBOR].]</p> <p>[Linear Interpolation: Applicable for [long/short] [first/last] Interest Period/Not Applicable.]</p> <p>[Margin: +/- [ ].]</p> <p>[Maximum Rate of Interest: [ ].]</p> <p>[Minimum Rate of Interest: [ ].]</p>

**SECTION C – THE NOTES**

		<p>[Day Count Fraction: [ ]]</p> <p><b>Maturity:</b> Notes will have such maturities as may be agreed between the Issuer and the relevant Dealer, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Issuer or the relevant Specified Currency.</p> <p>Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed on [ ].</p> <p><b>Redemption:</b> Subject to any purchase and cancellation or early redemption, Notes will be redeemed on their Maturity Date at par.</p> <p>Notes may be redeemed before their stated maturity [at the option of the Issuer (either in whole or in part) and/or the Noteholders and/only] if the Issuer has or will become obliged to pay certain additional amounts in respect of the Notes as a result of any change in the tax laws of the State of Israel.</p> <p><b>Issue Price:</b> Notes may be issued at any price. The issue price of each Tranche of Notes to be issued under the Programme will be determined by the Issuer and the relevant Dealer(s) at the time of issue in accordance with prevailing market conditions.</p> <p>The issue price of the Notes is [ ] per cent. of their aggregate principal amount.</p> <p><b>Yield:</b> The yield of each Tranche of Notes will be calculated by interpolation on an annual or semi-annual basis using the relevant issue price at the relevant issue date, using the formula below. It is not an indication of future yield.</p> $P = \frac{C}{r}(1 - (1 + r)^{-n}) + A(1 + r)^{-n}$ <p>Where:</p> <p>"P" is the Issue Price of the Notes;</p> <p>"C" is the annualised Interest Amount;</p> <p>"A" is the principal amount of the Notes due on redemption;</p> <p>"n" is the time to maturity in years; and</p> <p>"r" is the annualised yield.</p> <p>The [semi-]annual yield of the Notes, calculated on the Issue Date, is [ ] per cent.</p> <p><b>Representative of the Noteholders:</b> This part of the Element is not applicable, as there is no trustee appointed to act on behalf of the Noteholders.</p>
C.10	<b>Derivative components in interest payment.</b>	Not Applicable. No such Notes will be issued under the Programme.
C.11	<b>Listing and admission to</b>	[Not Applicable./Application will be made for the Notes to be admitted to listing on the Official List of the FCA and to trading on the Regulated

<b>SECTION C – THE NOTES</b>		
	<b>trading of the Notes.</b>	Market of the London Stock Exchange effective as of [ .]
<b>C.21</b>	<b>Market for which the Base Prospectus has been published.</b>	Applications have been made for Notes issued during the period of 12 months from the date of the Base Prospectus to be admitted to the Official List of the FCA and to trading on the Regulated Market of the London Stock Exchange.

<b>SECTION D – RISKS</b>		
<b>D.2</b>	<b>Key risks specific to the Issuer.</b>	Escalation of political volatility in the Middle East and North Africa region and worsening of global economic conditions may have an adverse effect, if these risks materialise, on Israel's economy and its financial condition and credit. By investing in the Notes, an investor is exposed to the risk that some or all of these factors could negatively affect the Issuer, and in turn, negatively impact the value of the Notes.
<b>D.3</b>	<b>Key risks specific to the Notes.</b>	<p>Investing in Notes issued under the Programme involves risks.</p> <p><b><i>Risks related to the structure of a particular issue of Notes</i></b></p> <p>Features of Notes issued under the Programme may give rise to particular risks. An optional redemption feature exercisable at the option of the Issuer may reduce the return on investment provided by a Note compared to the return that would have been achieved had the Note been redeemed at maturity and the Issuer may choose to redeem the Notes at times when prevailing interest rates may be relatively low. Also, the market value of Notes other than conventional interest-bearing securities (such as variable rate Notes, inverse floating rate Notes, fixed/floating rate Notes and Notes issued at a substantial discount or premium) may be more volatile and will tend to fluctuate more than "plain vanilla" Notes. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.</p> <p><b><i>Risks relating to any Notes linked to LIBOR, EURIBOR or other "benchmarks"</i></b></p> <p>Investors in Notes that are linked to LIBOR, EURIBOR or other such "benchmarks" should be aware of the risk that regulation and reform of "benchmarks" may adversely affect the value of Notes linked to or referencing such "benchmarks".</p> <p><b><i>Risks relating to Renminbi Notes</i></b></p> <p>Investors in Notes denominated in Renminbi ("<b>Renminbi Notes</b>") should be aware of the risks relating to an investment in Renminbi Notes. Renminbi is not completely freely convertible and there is only limited availability of Renminbi outside the People's Republic of China, which may affect the ability of the Issuer to source Renminbi to finance its obligations under Renminbi Notes. Additionally, changes in economic and political conditions may have an impact on the value of the Renminbi against the U.S. Dollar and changes in policies may also heighten the interest rate volatility and all payments in respect of Renminbi Notes will only be made in accordance with the modes of payment prescribed in the terms and conditions. Investment in Renminbi Notes may be subject to PRC tax.</p>

<b>SECTION D – RISKS</b>		
		<p><b><i>Risks related to Notes generally</i></b></p> <p>Investors in Notes issued under the Programme should be aware that such investments include the risks that deductions are made from payments to Noteholders for withholding tax purposes or that a future change in the laws or administrative practice of the governing law of the Notes affects conditions drafted on the basis of such law prior to the relevant change(s).</p> <p><b><i>Risks related to the market generally</i></b></p> <p>Notes issued under the Programme will be new securities which may not be widely distributed and for which there is currently no active trading market (unless in the case of any particular Tranche, such Tranche is to be consolidated with and form a single series with a Tranche of Notes which is already issued) and there is no assurance as to the development or liquidity of any trading market for any particular Tranche of Notes. The lack of a trading market for Notes, or an illiquid market for Notes, may mean that an investor is unable to find a purchaser for Notes and rising interest rates may adversely affect the value, and therefore the potential price an investor would obtain on sale, of Notes. The investment of investors whose financial activities are denominated in a currency other than the Specified Currency of the Notes may be adversely affected by changes in exchange rates or currency appreciation, or by the imposition of exchange controls and, furthermore, any adverse change in an applicable credit rating could adversely affect the trading price for Notes issued under the Programme. One or more of these risk factors could affect the ability of investors to sell their Notes and the price(s) at which Notes could be sold.</p>

<b>SECTION E – OFFER</b>		
<b>E.2b</b>	<b>Reasons for the offer and use of proceeds.</b>	[The net proceeds from the issue of the Notes are intended to be used for the general financing purposes of the Issuer/[ ].]
<b>E.3</b>	<b>Terms and conditions of the offer.</b>	Not Applicable. The Notes may only be offered within the EEA to qualified investors (as defined in the Prospectus Directive) on an exempt basis pursuant to Article 3(2) of the Prospectus Directive.
<b>E.4</b>	<b>Any interest(s) material to the issue/offer.</b>	The Issuer is not aware of any interest(s) material to issues of Notes under the Programme, other than any fees payable to the Dealer(s) acting as underwriter(s) and/or Stabilisation Manager(s) of issues of Notes./[ ].
<b>E.7</b>	<b>Expenses charged to the Investor by the Issuer or the Authorised Offeror(s).</b>	Not Applicable.

## INFORMATION INCORPORATED BY REFERENCE

The following information shall be deemed to be incorporated in, and to form part of, the Base Prospectus **provided that** any statement contained in a document all or the relative portion of which is incorporated by reference will be deemed to be modified or superseded for the purpose of the Base Prospectus to the extent that a statement contained herein or in any supplement hereto, including any document incorporated therein by reference, modifies or supersedes such earlier statement (whether expressly, by implication or otherwise):

1. Exhibit D to the Issuer's Annual Report on Form 18-K to the United States Securities and Exchange Commission for the fiscal year ended 31 December 2018 dated as of 28 June 2019 submitted to and filed with the FCA on 28 June 2019:

Currency Protocol	Page D-1
Fiscal Year	Page D-1
Forward-Looking Statements	Page D-2
Summary Information and Recent Developments	Pages D-3 to D-9 (inclusive)
State of Israel	Pages D-10 to D-21 (inclusive)
The Economy	Pages D-22 to D-50 (inclusive)
Balance of Payments and Foreign Trade	Pages D-51 to D-63 (inclusive)
The Financial System	Pages D-64 to D-79 (inclusive)
Public Finance	Pages D-80 to D-87 (inclusive)
Public Debt	Pages D-88 to D-96 (inclusive)
Debt Record	Pages D-97 to D-105 (inclusive)

2. The sections headed "*Terms and Conditions of the Notes*" in the following documents:

Offering Circular dated 6 September 2001	Pages 18 to 35 (inclusive)
Offering Circular dated 5 September 2002	Pages 19 to 36 (inclusive)
Offering Circular dated 10 September 2003	Pages 19 to 36 (inclusive)
Offering Circular dated 7 September 2004	Pages 21 to 38 (inclusive)
Base Prospectus dated 5 September 2005	Pages 29 to 46 (inclusive)
Base Prospectus dated 29 August 2006	Pages 29 to 47 (inclusive)
Base Prospectus dated 29 August 2007	Pages 45 to 63 (inclusive)
Base Prospectus dated 26 August 2008	Pages 41 to 59 (inclusive)
Base Prospectus dated 26 August 2009	Pages 42 to 60 (inclusive)
Base Prospectus dated 28 July 2010	Pages 42 to 60 (inclusive)
Base Prospectus dated 21 July 2011	Pages 44 to 62 (inclusive)
Base Prospectus dated 13 September 2012	Pages 32 to 50 (inclusive)
Base Prospectus dated 11 September 2013	Pages 37 to 58 (inclusive)
Base Prospectus dated 9 September 2014	Pages 38 to 60 (inclusive)
Base Prospectus dated 10 September 2015	Pages 29 to 60 (inclusive)
Base Prospectus dated 7 September 2016	Pages 29 to 59 (inclusive)
Base Prospectus dated 7 September 2017	Pages 32 to 64 (inclusive)

Base Prospectus dated 9 August 2018

Pages 31 to 63 (inclusive)

3. The following sections of the Prospectus dated 16 January 2017:

Annex I to the Issue Terms: Defined Terms

Page 16

Annex II to the Issue Terms: Amendments to the Base Conditions  
Pages 17 to 20 (inclusive)

Those parts of the documents incorporated by reference herein which are not incorporated by reference into the Base Prospectus are either not relevant for prospective investors in the Notes or the relevant information is included elsewhere in the Base Prospectus. Where a document incorporated by reference in turn incorporates information by reference, such information does not form part of the Base Prospectus for the purposes of the Prospectus Directive.

Copies of the documents incorporated by reference in the Base Prospectus can be obtained without charge from the Ministry of Finance of Israel at its office set out at the end of the Base Prospectus and from the specified office of the Principal Paying Agent and electronic copies will be available for inspection on the website of the Regulatory News Service operated by the London Stock Exchange at [www.londonstockexchange.com/exchange/news/marketnews/market-news-home.html](http://www.londonstockexchange.com/exchange/news/marketnews/market-news-home.html).

If the terms of the Programme are modified or amended in a manner which would make the Base Prospectus, as supplemented, inaccurate or misleading, a new Base Prospectus will be prepared to the extent required by law.

Any websites referred to herein do not form part of the Base Prospectus and are not incorporated by reference in the Base Prospectus.

The Issuer will, in the event of any significant new factor, material mistake or inaccuracy relating to information included in the Base Prospectus which is capable of affecting the assessment of any Notes, prepare a supplement to the Base Prospectus or publish a new Base Prospectus for use in connection with any subsequent issue of Notes. The Issuer has undertaken to the Dealers in the Programme Agreement (as defined in "*Subscription and Sale*") that it will comply with section 87G of the FSMA.

## **RISK FACTORS**

*The Issuer believes that the following factors may affect its ability to fulfil its obligations under Notes issued under the Programme. All of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring. In addition, factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme are described below.*

*The Issuer believes that the factors described below represent the principal risks inherent in investing in Notes issued under the Programme, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons and the Issuer does not represent that the statements below regarding the risks of holding any Notes are exhaustive. Prospective investors should also read the detailed information set out elsewhere in the Base Prospectus and reach their own views prior to making any investment decision.*

### **Factors that may affect the Issuer's ability to fulfil its obligations under Notes issued under the Programme**

#### ***Israel's access to credit is affected by external factors such as regional and international political and economic conditions***

Israel's access to credit in the international capital markets is affected by regional and international political and economic conditions, including interest rates in financial markets outside Israel, the impact of changes in the credit rating of Israel, the security situation, the economic growth and stability of Israel's major trading partners, and the global high-tech market. As a result, political, economic or market factors, which may be outside Israel's control, may impact the debt dynamics of Israel and could adversely affect Israel's cost of funds in the international capital markets and the demand for Israel's debt securities.

#### ***Israel's political and military environment may continue to be volatile***

Israel has from time to time experienced political situations and has been subject to on-going security concerns. Since the establishment of the State of Israel in 1948, a number of armed conflicts have occurred between Israel and its Arab neighbours. Political instability in the Middle East has increased since the terrorist attacks of 11 September 2001, and news of Iran's reported nuclear programme. Since 2005, when Israel withdrew from the Gaza strip, terrorist violence has increased. If the level of instability and violence increases in the future, Israel's capital markets, the level of tourism in Israel and foreign investment in Israel, among other things, may suffer. The conflicts with Hamas in the Gaza strip and with Hezbollah in Lebanon may worsen and potentially affect Israel's economic condition. In addition, political volatility may affect the stability of the Israeli economy.

Since January 2011, there has been political instability and civil disobedience unrest in numerous Middle East and North African countries, including Bahrain, Libya, Egypt, Iran, Tunisia, Yemen and Syria. This unrest has resulted in the removal of long-standing leadership in several of the aforementioned countries and created turbulent political situations in others. As Israel is situated in the centre of this region, it closely monitors these events, aiming to protect its economic, political and security interests. It should be noted that such instances of instability in the Middle East and North Africa region have not so far materially affected Israel's financial or political situation, and countries who have signed peace agreements with Israel remain committed to them, regardless of internal political developments. However, there can be no assurance that such instability in the region will not escalate in the future, such instability will not spread to additional countries in the region, current or new governments in the region will be successful in maintaining domestic order and stability, or Israel's economic or political situation will not thereby be affected.

#### ***Israel is a foreign sovereign state and accordingly it may be difficult to obtain or enforce judgments against it***

Israel is a sovereign state. Although Israel has in the "Terms and Conditions of the Notes" waived its sovereign immunity in respect of Notes issued under the Programme, enforcement in the event of a default may nevertheless be impracticable by virtue of legal, commercial, political or other considerations. Additionally, under the laws of the State of Israel, the funds, assets, rights and general property of the Issuer located in the State of Israel are immune from execution and attachment and any process in the nature thereof and the waiver

contained in the "Terms and Conditions of the Notes" therefore does not constitute a waiver of such immunity or of any immunity from execution or attachment or process in the nature thereof with respect to the premises of the Issuer's diplomatic missions in any jurisdiction outside the State of Israel or with respect to the assets of the Issuer necessary for the proper functioning of Israel as a sovereign power.

***The current global economic climate and continued economic disruption in Europe may have an adverse effect on Israel's economy***

Israel's economy is affected by current global economic conditions, including regional and international rates of economic growth. Recent political and economic developments in the global economy, including the British referendum to leave the European Union and the subsequent triggering of article 50, may have a negative impact on the European and global economy. The potential impact of such developments on Israel is uncertain. Although Israel's economy has shown moderate rates of growth in recent years there can be no assurance that Israel's economy will continue to grow if there should be a prolonged negative global economic climate.

As a result of the sovereign debt crisis in Europe, there was significant price volatility in the secondary market for sovereign debt of European and other nations in the beginning of the decade. If such price volatility returns, it could lead to a decline in the recoverability and value of the market price of Israel's debt securities, including the bonds. Europe continues to face uncertainty, with many Eurozone countries experiencing moderate growth and low inflation rate, though the growth rates are higher than the negative rates recorded in the beginning of the decade. A decline in economic growth of the European Union, which is one of Israel's major trading partners, could have a material adverse impact on Israel's balance of trade and adversely affect Israel's financial condition.

***The successful development of Israel's natural gas reserves involves certain risks that may make expected natural gas production levels unobtainable***

There are numerous uncertainties associated with estimating quantities of natural gas reserves and projecting future rates of production and the level of revenue Israel will recover from its natural gas fields. These items are, in part, dependent on the reliability of seismic measurement technologies, the future international market for natural gas and other energy substitutes, as well as future development and operating costs, all of which may in fact vary considerably from Israel's current assumptions concerning royalties and tax revenues. Moreover, certain of Israel's neighbouring countries have asserted mineral rights with respect to certain natural gas reserves to which Israel currently lays claim. Any failure to meet expected natural gas production targets on the forecasted timelines, or at all, could have a negative impact on Israel's progress towards energy independence or the revenues that will be received by the State of Israel.

***Risks relating to credit ratings***

As at the date of this Base Prospectus, the long-term foreign currency sovereign credit ratings of the State of Israel are: A1 (Moody's Investors Service, Inc.), AA- (Standard & Poor's Credit Market Services Europe Limited) and A+ (Fitch Ratings Ltd). The Programme has also been rated (P)A1 by Moody's Investors Service, Inc., AA- by S&P Global Ratings, acting through Standard and Poor's Credit Market Services Europe Limited and A+ by Fitch Ratings Ltd.

One or more rating agencies may assign ratings to Notes issued under the Programme, which may not necessarily be the same as the rating(s) described above or any rating(s) assigned to Notes already issued. Such ratings may not reflect the potential impact of all risks related to structure, market and additional factors discussed in this section, and other factors that may affect the value of Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be suspended, revised or withdrawn by the rating agency at any time. Any adverse change in an applicable credit rating could adversely affect the trading price of, and market for, Notes issued under the Programme.



## **Factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme**

### ***Risks related to the structure of a particular issue of Notes***

A wide range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of the most common such features:

#### *Notes subject to optional redemption by the Issuer*

An optional redemption feature of Notes is likely to limit their market value. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

#### *Variable rate Notes with a multiplier or other leverage factor*

Notes with variable interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market values may be even more volatile than those for securities that do not include those features.

#### *Inverse Floating Rate Notes*

Inverse Floating Rate Notes have an interest rate equal to a fixed rate minus a rate based upon a reference rate such as LIBOR. The market values of those Notes typically are more volatile than market values of other conventional floating rate debt securities based on the same reference rate (and with otherwise comparable terms). Inverse Floating Rate Notes are more volatile because an increase in the reference rate not only decreases the interest rate of the Notes, but may also reflect an increase in prevailing interest rates, which further adversely affects the market value of these Notes.

#### *Fixed/Floating Rate Notes*

Fixed/Floating Rate Notes are Notes which bear interest at a rate that converts from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Such a feature to convert the interest rate and any conversion of the interest rate may affect the secondary market and the market value of such Notes as the change of interest rate may result in a lower interest return for Noteholders. Where the Notes convert from a fixed rate to a floating rate, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. Where the Notes convert from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing rates on those Notes and could affect the market value of an investment in the relevant Notes.

#### *Notes issued at a substantial discount or premium*

The market values of securities issued at a substantial discount or premium from their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

#### *Notes in Global Form held through the Clearing Systems*

Notes issued in global form will be represented on issue by a global Note that may be deposited with a common depositary for Euroclear and Clearstream, Luxembourg (see “*Form of the Notes*” below).

Euroclear and Clearstream, Luxembourg will maintain records of the beneficial interests in each global Note held through it. While the Notes are represented by a global Note, investors will be able to trade their beneficial interests only through Euroclear and Clearstream, Luxembourg.

While the Notes are represented by global Notes, the Issuer will discharge its payment obligations under the Notes by making payments to or to the order of the common depository for Euroclear and Clearstream, Luxembourg for distribution to their account holders. A holder of a beneficial interest in a global Note must rely on the procedures of Euroclear and Clearstream, Luxembourg and its participants to receive payments under the Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in any global Note.

Holders of beneficial interests in a global Note will not have a direct right to vote in respect of the Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by Euroclear and Clearstream, Luxembourg to appoint appropriate proxies. Similarly, holders of beneficial interests in a global Note will not have a direct right under the relevant global Note to take enforcement action against the Issuer in the event of a default under the Notes but will have to rely upon their rights under the Deed of Covenant.

#### *Trading in the Clearing Systems*

In relation to any issue of Notes which have a denomination consisting of a minimum Specified Denomination plus a higher integral multiple of another smaller amount, it is possible that the Notes may be traded in amounts in excess of that Specified Denomination that are not integral multiples of such Specified Denomination. In such a case a Noteholder who, as a result of trading such amounts, holds a principal amount of less than the minimum Specified Denomination will not receive a Definitive Note in respect of such holding (should Definitive Notes be printed) and would need to purchase a principal amount of Notes such that it holds an amount equal to one or more Specified Denominations.

Where any global Note is exchangeable for a definitive Note other than in the limited circumstances specified in the relevant global Note, such Notes shall be tradeable only in principal amounts of at least the Specified Denomination (or if more than one Specified Denomination, the lowest Specified Denomination).

#### *Regulation and Reform of LIBOR, EURIBOR or other "benchmarks" could adversely affect any Notes linked to such "benchmarks"*

LIBOR, EURIBOR and other rates and indices which are deemed to be "benchmarks" are the subject of recent national, international and other regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past, to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Notes referencing such a "benchmark".

Regulation (EU) 2016/1011 (the "**Benchmarks Regulation**") was published in the Official Journal of the EU on 29 June 2016 and mostly applies, subject to certain transitional provisions, from 1 January 2018. The Benchmarks Regulation applies to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark within the EU. It will, among other things, (i) require benchmark administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised or endorsed) and (ii) prevent certain uses by EU supervised entities of "benchmarks" of administrators that are not authorised or registered (or, if non-EU based, not deemed equivalent or recognised or endorsed).

The Benchmarks Regulation could have a material impact on any Notes linked to LIBOR, EURIBOR or another "benchmark" rate or index, in particular, if the methodology or other terms of the "benchmark" are changed in order to comply with the terms of the Benchmarks Regulation, and such changes could (amongst other things) have the effect of reducing or increasing the rate or level or affecting the volatility of the published rate or level of the relevant benchmark. In addition, the Benchmarks Regulation stipulates that each administrator of a "benchmark" regulated thereunder must be licensed by the competent authority of the Member State where such administrator is located. There is a risk that administrators of certain "benchmarks" will fail to obtain a necessary licence, preventing them from continuing to provide such "benchmarks". Other administrators may cease to administer certain "benchmarks" because of the additional costs of compliance with the Benchmarks Regulation and other applicable regulations, and the risks associated therewith.

More broadly, any of the international, national or other proposals for reform, or the general increased regulatory scrutiny of "benchmarks", could increase the costs and risks of administering or otherwise participating in the setting of a "benchmark" and complying with any such regulations or requirements.

Specifically, the sustainability of LIBOR has been questioned as a result of the absence of relevant active underlying markets and possible disincentives (including possibly as a result of benchmark reforms) for market participants to continue contributing to such benchmarks. On 27 July 2017, and in a subsequent speech by its Chief Executive on 12 July 2018, the FCA confirmed that it will no longer persuade or compel banks to submit rates for the calculation of the LIBOR benchmark after 2021 (the "**FCA Announcements**"). The FCA Announcements indicated that the continuation of LIBOR on the current basis cannot and will not be guaranteed after 2021.

In addition, on 29 November 2017, the Bank of England and the FCA announced that, from January 2018, its Working Group on Sterling Risk-Free Rates has been mandated with implementing a broad-based transition to the Sterling Overnight Index Average ("**SONIA**") over the next four years across sterling bond, loan and derivative markets, so that SONIA is established as the primary sterling interest rate benchmark by the end of 2021.

Separate workstreams are also underway in Europe to reform EURIBOR using a hybrid methodology and to provide a fallback by reference to a euro risk-free rate (based on a euro overnight risk-free rate as adjusted by a methodology to create a term rate). On 13 September 2018, the working group on euro risk-free rates recommended Euro Short-term Rate ("**ESTR**") as the new risk free rate. ESTR is expected to be published by the ECB by October 2019. In addition, on 21 January 2019, the euro risk free-rate working group published a set of guiding principles for fallback provisions in new euro denominated cash products (including bonds). The guiding principles indicate, among other things, that continuing to reference EURIBOR in relevant contracts may increase the risk to the euro area financial system.

It is not possible to predict with certainty whether, and to what extent, LIBOR and EURIBOR will continue to be supported going forwards. This may cause LIBOR and EURIBOR to perform differently than they have done in the past, and may have other consequences which cannot be predicted. Such factors may have (without limitation) the following effects on certain benchmarks: (i) discouraging market participants from continuing to administer or contribute to a "benchmark"; (ii) triggering changes in the rules or methodologies used in the "benchmark"; and/or (iii) leading to the disappearance of the "benchmark". Any of the above changes or any other consequential changes as a result of international or national reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on any Notes linked to, referencing, or otherwise dependent (in whole or in part) upon a "benchmark".

The Terms and Conditions of Notes provide for certain fallback arrangements in the event that a Benchmark Event occurs, including if an Original Reference Rate and/or any page on which an Original Reference Rate may be published, becomes unavailable, or if the Issuer, the Calculation Agent, any Paying Agent or any other party responsible for the calculation of the Rate of Interest (as specified in the applicable Final Terms) are no longer permitted lawfully to calculate interest on any Notes by reference to such an Original Reference Rate under the Benchmarks Regulation, or if the administrator of an Original Reference Rate publically announces that such Original Reference Rate no longer representative, or otherwise. Such fallback arrangements include the possibility that the Rate of Interest could be set by reference to a Successor Rate or an Alternative Rate (both as defined in the Terms and Conditions), with the application of an Adjustment Spread and may include amendments to the Terms and Conditions of the Notes to ensure the proper operation of the successor or replacement benchmark, all as determined by the Independent Adviser (acting in good faith and in consultation with the Issuer). An Adjustment Spread could be positive, negative or zero and would be applied with a view to reducing or eliminating, to the fullest extent reasonably practicable in the circumstances, any economic prejudice or benefit (as applicable) to investors arising out of the replacement of an Original Reference Rate. However, the applicable Adjustment Spread may not be effective to reduce or eliminate economic prejudice to investors. The use of a Successor Rate or Alternative Rate (with the application of an Adjustment Spread) will still result in any Notes linked to or referencing an Original Reference Rate performing differently (which may include payment of a lower Rate of Interest) than they would if the Original Reference Rate were to continue to apply in its current form.

If, following the occurrence of a Benchmark Event, no Successor Rate or Alternative Rate is determined or (in either case) an applicable Adjustment Spread prior to the relevant Interest Determination Date, the ultimate fallback for the purposes of calculation of the Rate of Interest for a particular Interest Period may result in the Rate of Interest for the last preceding Interest Period being used. This may result in the effective application of a fixed rate for Floating Rate Notes based on the rate which was last observed on the Relevant Screen Page. Due to the uncertainty concerning the availability of Successor Rates and Alternative Rates, the involvement of an Independent Adviser, and the potential for further regulatory developments, there is a risk that the relevant fallback provisions may not operate as intended at the relevant time.

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the Benchmarks Regulation reforms in making any investment decision with respect to any Notes linked to or referencing a "benchmark".

#### ***Risks relating to Notes denominated in Renminbi***

A description of risks which may be relevant to an investor in Notes denominated in Renminbi ("**Renminbi Notes**") is set out below:

*Renminbi is not completely freely convertible and there are significant restrictions on the remittance of Renminbi into and out of the PRC which may adversely affect the liquidity of Renminbi Notes*

Renminbi is not completely freely convertible at present. The government of the PRC (the "**PRC Government**") continues to regulate conversion between Renminbi and foreign currencies, including the Hong Kong dollar.

However, there has been significant reduction in control by the PRC Government in recent years, particularly over trade transactions involving import and export of goods and services as well as other frequent routine foreign exchange transactions. These transactions are known as current account items.

On the other hand, remittance of Renminbi by foreign investors into the PRC for the settlement of capital account items, such as capital contributions, is generally only permitted upon obtaining specific approvals from, or completing specific registrations or filings with, the relevant authorities on a case-by-case basis and is subject to a strict monitoring system. Regulations in the PRC on the remittance of Renminbi into the PRC for settlement of capital account items are being developed.

Although starting 1 October 2016, the Renminbi has been added to the Special Drawing Rights basket created by the International Monetary Fund, there is no assurance that the PRC Government will continue to gradually liberalise control over cross-border remittance of Renminbi in the future or that new regulations in the PRC will not be promulgated in the future which have the effect of restricting or eliminating the remittance of Renminbi into or out of the PRC. In the event that funds cannot be repatriated out of the PRC in Renminbi, this may affect the overall availability of Renminbi outside the PRC and the ability of the Issuer to source Renminbi to finance its obligations under Renminbi Notes.

*There is only limited availability of Renminbi outside the PRC, which may affect the liquidity of the Renminbi Notes and the Issuer's ability to source Renminbi outside the PRC to service Renminbi Notes*

As a result of the restrictions by the PRC Government on cross-border Renminbi fund flows, the availability of Renminbi outside the PRC is limited. Currently, licensed banks in Singapore and Hong Kong may offer limited Renminbi-denominated banking services to Singapore residents, Hong Kong residents and specified business customers.

While the People's Bank of China ("**PBoC**") has entered into agreements on the clearing of Renminbi business with financial institutions in a number of financial centres and cities (the "**Renminbi Clearing Banks**"), including but not limited to Hong Kong and are in the process of establishing Renminbi clearing and settlement mechanisms in several other jurisdictions (the "**Settlement Arrangements**"), the current size of Renminbi denominated financial assets outside the PRC is limited.

There are restrictions imposed by PBoC on Renminbi business participating banks in respect of cross-border Renminbi settlement, such as those relating to direct transactions with PRC enterprises. Furthermore, Renminbi business participating banks do not have direct Renminbi liquidity support from PBoC. The Renminbi Clearing

Banks only have access to onshore liquidity support from PBoC for the purpose of squaring open positions of participating banks for limited types of transactions, including open positions resulting from conversion services for corporations relating to cross border trade settlement. The relevant Renminbi Clearing Banks are not obliged to square for participating banks any open positions resulting from other foreign exchange transactions or conversion services. In such cases, the participating banks will need to source Renminbi from outside the PRC to square such open positions.

Although it is expected that the offshore Renminbi market will continue to grow in depth and size, its growth is subject to many constraints as a result of PRC laws and regulations on foreign exchange. There is no assurance that new PRC regulations will not be promulgated or the Settlement Arrangements will not be terminated or amended in the future which will have the effect of restricting availability of Renminbi outside the PRC. The limited availability of Renminbi outside the PRC may affect the liquidity of the Renminbi Notes. To the extent the Issuer is required to source Renminbi in the offshore market to service its Renminbi Notes, there is no assurance that the Issuer will be able to source such Renminbi on satisfactory terms, if at all. If Renminbi is not available in certain circumstances as described in the Terms and Conditions of the Notes applicable to Renminbi Notes, the Issuer can make payments in U.S. dollars and other currencies as set out in the Conditions.

*Investment in the Renminbi Notes is subject to exchange rate risks*

The value of Renminbi against other foreign currencies fluctuates from time to time and is affected by changes in the PRC and international political and economic conditions as well as many other factors. In August 2015, the PBoC implemented changes to the way it calculates the Renminbi's daily mid-point against the U.S. dollar to take into account market-maker quotes before announcing such daily mid-point. This change, and others that may be implemented, may increase the volatility in the value of the Renminbi against foreign currencies. All payments of interest and principal will be made in Renminbi with respect to Renminbi Notes unless otherwise specified. As a result, the value of these Renminbi payments may vary with the changes in the prevailing exchange rates in the marketplace. If the value of Renminbi depreciates against another foreign currency, the value of the investment made by a holder of the Renminbi Notes in that foreign currency will decline.

*Investment in Renminbi Notes is subject to currency risks*

If the Issuer is not able, or if it is impracticable for it, to satisfy its obligation to pay interest and principal on the Renminbi Notes as a result of Inconvertibility, Non-transferability or Illiquidity (each, as defined in the Conditions), the Issuer shall be entitled, on giving not less than five or more than 30 calendar days' irrevocable notice to the investors prior to the due date for payment, to settle any such payment in U.S. dollars on the due date at the U.S. Dollar Equivalent (as defined in the Conditions) of any such interest or principal, as the case may be.

*Investment in the Renminbi Notes is subject to interest rate risks*

The PRC Government has gradually liberalised its regulation of interest rates in recent years. Further liberalisation may increase interest rate volatility. In addition, the interest rate for Renminbi in markets outside the PRC may significantly deviate from the interest rate for Renminbi in the PRC as a result of foreign exchange controls imposed by PRC law and regulations and prevailing market conditions.

As Renminbi Notes may carry a fixed interest rate, the trading price of the Renminbi Notes will consequently vary with the fluctuations in the Renminbi interest rates. If holders of the Renminbi Notes propose to sell their Renminbi Notes before their maturity, they may receive an offer lower than the amount they have invested.

*Payments with respect to the Renminbi Notes may be made only in the manner designated in the Renminbi Notes*

Investors may be required to provide certification and other information (including Renminbi account information) in order to be allowed to receive payments in Renminbi in accordance with the Renminbi clearing and settlement system for participating banks in Hong Kong. Except in the limited circumstances stipulated in Condition 5(g), all payments to investors in respect of the Renminbi Notes will be made solely (i) for so long as the Renminbi Notes are represented by global Notes held with the common depositary for Euroclear and Clearstream Luxembourg or any alternative clearing system, by transfer to a Renminbi bank account maintained in Hong Kong or a financial centre in which a Renminbi Clearing Bank clears and settles Renminbi, if so specified in the applicable Final Terms; or (ii) for so long as the Renminbi Notes are in definitive form, by

transfer to a Renminbi bank account maintained in Hong Kong or a financial centre in which a Renminbi Clearing Bank clears and settles Renminbi, if so specified in the applicable Final Terms in accordance with prevailing rules and regulations. The Issuer cannot be required to make payment by any other means (including in any other currency or by transfer to a bank account in the PRC).

*Investment in Renminbi Notes may be subject to PRC tax*

In considering whether to invest in the Renminbi Notes, investors should consult their individual tax advisers with regard to the application of PRC tax laws to their particular situations as well as any tax consequences arising under the laws of any other tax jurisdictions. The value of the Holder's investment in the Renminbi Notes may be materially and adversely affected if the Holder is required to pay PRC tax with respect to acquiring, holding or disposing of and receiving payments under those Renminbi Notes.

***Risks related to Notes generally***

Set out below is a brief description of certain risks relating to the Notes generally:

*Noteholder meetings, modification and waivers*

The conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally and for the passing of written resolutions of Noteholders without the need for a meeting. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority. In addition, the conditions of the Notes permit "cross-series modifications" to be made to one or more series of debt securities, provided that those debt securities also contain a cross-modification provision. Any such change in the terms of the Notes may adversely affect the trading price of the Notes.

*Change of law*

The conditions of the Notes are based on English law in effect as at the date of the Base Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of the Base Prospectus.

***Risks related to the market generally***

Set out below is a brief description of the principal market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

*The secondary market generally*

Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of Notes.

*Exchange rate risks and exchange controls*

The Issuer will pay principal and interest on the Notes in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency-equivalent value of the principal payable on the Notes and (3) the Investor's Currency-equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

*Interest rate risks*

Investment in Fixed Rate Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Fixed Rate Notes.

*Credit ratings may not reflect all risks*

The Issuer's credit ratings do not always reflect the risks related to each Series of Notes under the Programme. Notes issued under the Programme may be rated or unrated. Where an issue of Notes is rated, the applicable rating(s) will be specified in the applicable Final Terms. Such rating(s) will not necessarily be the same as the ratings assigned to the Issuer, the Programme or to notes already issued. There are no guarantees that such ratings will be assigned or maintained. Any credit rating agency may lower its ratings or withdraw the rating if, in the sole judgement of the credit rating agency, the credit quality of the Notes has declined or is in question. In addition, at any time a credit rating agency may revise its relevant rating methodology with the result that, among other things, any rating assigned to the Notes may be lowered. If any of the ratings assigned to the Notes is lowered or withdrawn, the market value of the Notes may be reduced. Furthermore, the ratings may not reflect the potential impact of all risks discussed above, and other factors that may affect the value of the Notes. Accordingly, a credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

One or more independent credit rating agencies may also assign credit ratings to the Notes, which may not necessarily be the same ratings as the Programme rating described in the Base Prospectus or any rating(s) assigned to Notes already issued. Such ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. In addition, real or anticipated changes in the Issuer's credit ratings generally will affect the market value of the Notes.

In general, European regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances).

Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances). The list of registered and certified rating agencies published by the European Securities and Market Authority ("**ESMA**") on its website in accordance with CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such a list, as there may be delays between the certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list.

## FORM OF THE NOTES

The Notes of each Series will be in either bearer form, with or without interest coupons attached, or registered form, without interest coupons attached. Bearer Notes will be issued outside the United States in reliance on Regulation S under the Securities Act ("**Regulation S**") and Registered Notes will be issued outside the United States in reliance on the exemption from registration provided by Regulation S.

### **Bearer Notes**

Each Tranche of Bearer Notes will be initially represented by a temporary global Note (a "**Temporary Bearer Global Note**") or, if so specified in the applicable Final Terms, by a permanent global Note (a "**Permanent Bearer Global Note**") without interest coupons or talons, which will be delivered to a common depositary for Euroclear and Clearstream, Luxembourg. Whilst any Bearer Note is represented by a Temporary Bearer Global Note, payments of principal and interest (if any) due prior to the Exchange Date (as defined below) will be made against presentation of the Temporary Bearer Global Note only to the extent that certification (in a form to be provided), as required by U.S. Treasury regulations, has been received by Euroclear and/or Clearstream, Luxembourg and Euroclear and/or Clearstream, Luxembourg, as applicable, has given a like certification (based on the certifications it has received) to the Principal Paying Agent. Any reference in this section "*Form of the Notes*" to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearance system approved by the Issuer and the Principal Paying Agent.

On and after the date (the "**Exchange Date**") which is the later of (i) 40 days after the Temporary Bearer Global Note is issued and (ii) 40 days after completion of the distribution of the relevant Tranche, as certified by the relevant Dealer (in the case of a non-syndicated issue) or the relevant lead manager (in the case of syndicated issue) (the "**Distribution Compliance Period**"), interests in such Temporary Bearer Global Note will be exchangeable (free of charge) upon a request as described therein either for interests in a Permanent Bearer Global Note without interest coupons or talons or for definitive Bearer Notes with, where applicable, interest coupons and talons attached (as indicated in the applicable Final Terms and subject, in the case of definitive Bearer Notes, to such notice period as is specified in the applicable Final Terms) in each case against certification of beneficial ownership as described in the second sentence of the immediately preceding paragraph unless such certification has already been given. The holder of a Temporary Bearer Global Note will not be entitled to collect any payment of interest or principal due on or after the Exchange Date unless, upon due certification, exchange of the Temporary Bearer Global Note is improperly withheld or refused.

The option for an issue of Bearer Notes to be represented on issue by a Temporary Bearer Global Note exchangeable for definitive Bearer Notes should not be expressed to be applicable in the applicable Final Terms if the Bearer Notes are issued with a minimum Specified Denomination such as €100,000 (or its equivalent in another currency) plus one or more higher integral multiples of another smaller amount such as €1,000 (or its equivalent in another currency).

The Issuer may issue additional Tranches of Bearer Notes from time to time, which will be consolidated, form a single series and be interchangeable for trading purposes with the existing Tranche(s) of the Series on either (1) the issue date of the additional Tranche of Bearer Notes or (2) on exchange of the Temporary Bearer Global Note representing the additional Tranche of Bearer Notes for interests in the Permanent Bearer Global Note. Upon issuance of additional Tranches of Bearer Notes (if any) prior to the Exchange Date for a particular Tranche of Bearer Notes, such Exchange Date will be extended (or further extended), without the consent of the Noteholders, until the fortieth day after the completion of the distribution of such additional Tranche of Bearer Notes.

Payments of principal and interest (if any) on a Permanent Bearer Global Note will be made through Euroclear and/or Clearstream, Luxembourg against presentation or surrender (as the case may be) of the Permanent Bearer Global Note without any requirement for certification. If the applicable Final Terms specifies the form of Bearer Notes as being "Temporary Bearer Global Note exchangeable for a Permanent Bearer Global Note which is exchangeable for Definitive Bearer Notes" or "Permanent Bearer Global Note exchangeable for Definitive Bearer Notes", then the Permanent Bearer Global Note will be exchangeable in whole, but not in part, for definitive Bearer Notes on the occurrence of an Exchange Event. For these purposes, **Exchange Event** means



that (i) an Event of Default has occurred and is continuing, (ii) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and, in any such case, no successor clearing system is available or (iii) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes represented by the Permanent Bearer Global Note in definitive form. The Issuer will promptly give notice to Noteholders in accordance with Condition 13 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg or any person acting on their behalf (acting on the instructions of any holder of an interest in a Permanent Bearer Global Note) may give notice to the Principal Paying Agent requesting exchange and, in the event of the occurrence of an Exchange Event as described in (iii) above, the Issuer may also give notice to the Principal Paying Agent requesting exchange. Any exchange shall occur not later than 45 days after the date of receipt of the first relevant notice by the Principal Paying Agent.

The following legend will appear on all global Bearer Notes and definitive Bearer Notes and on all interest coupons and talons relating to such Notes:

*"Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in sections 165(j) and 1287(a) of the Internal Revenue Code."*

The sections referred to provide that holders who are United States persons (as defined in the United States Revenue Code of 1986, as amended), with certain exceptions, will not be entitled to deduct any loss on Bearer Notes or interest coupons and will not be entitled to capital gains treatment of any gain on any sale, disposition, redemption or payment of principal in respect of Bearer Notes or interest coupons.

Notes which are represented by a Bearer Global Note will only be transferable in accordance with the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg as the case may be.

#### **Registered Notes**

Each Tranche of Registered Notes will initially be represented by a global note in registered form (a "**Registered Global Note**").

Registered Global Notes will be deposited with a common depository for Euroclear and Clearstream, Luxembourg, and registered in the name of the nominee for the Common Depository of Euroclear and Clearstream, Luxembourg as specified in the applicable Final Terms. Persons holding beneficial interests in Registered Global Notes will be entitled or required, as the case may be, under the circumstances described below, to receive physical delivery of definitive Notes in fully registered form.

Payments of principal, interest and any other amount in respect of the Registered Global Notes will, in the absence of provision to the contrary, be made to the person shown on the Register (as defined in Condition 5(c)) as the registered holder of the Registered Global Notes. None of the Issuer, any Paying Agent or the Registrar will have any responsibility or liability for any aspect of the records relating to or payments or deliveries made on account of beneficial ownership interests in the Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Payments of principal, interest or any other amount in respect of the Registered Notes in definitive form will, in the absence of provision to the contrary, be made to the persons shown on the Register on the relevant Record Date (as defined in Condition 5(c)) immediately preceding the due date for payment in the manner provided in that Condition.

Interests in a Registered Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Registered Notes, interest coupons or talons attached only upon the occurrence of an Exchange Event. For these purposes, **Exchange Event** means that (i) an Event of Default has occurred and is continuing, (ii) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and, in any such case, no successor clearing system is available or (iii) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes represented by the Registered Global Note in definitive form. The Issuer will promptly

give notice to Noteholders in accordance with Condition 13 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg or any person acting on their behalf (acting on the instructions of any holder of an interest in such Registered Global Note) may give notice to the Registrar requesting exchange and, in the event of the occurrence of an Exchange Event as described in (iii) above, the Issuer may also give notice to the Registrar requesting exchange. Any exchange of a Registered Global Note for a Registered Note in definitive form shall be effected not later than 10 days after the date of receipt of the first relevant notice by the Registrar and without charge to any Noteholder, but against such indemnity as the Registrar may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such exchange.

No beneficial owner of an interest in a Registered Global Note will be able to transfer such interest, except in accordance with the applicable procedures of Euroclear and Clearstream, Luxembourg, in each case to the extent applicable.

### **General**

Pursuant to the Agency Agreement (as defined under "*Terms and Conditions of the PD Notes*" below) the Principal Paying Agent shall arrange that, where an additional Tranche of Notes is issued which is intended to form a single series with an existing Tranche of Note at a point after the Issue Date of the additional Tranche, the Notes of such Tranche shall be assigned a common code and ISIN by Euroclear and Clearstream, Luxembourg which are different from the common code and ISIN assigned to Notes of any other Tranche of the same Series until such time as the Tranches are consolidated and form a single series which, in the case of Bearer Notes, shall not be prior to the expiry of the Distribution Compliance Period applicable to the Notes of such Tranche.

A Note may be accelerated by the holder thereof in certain circumstances described in Condition 9. In such circumstances, where any Note is still represented by a global Note and a holder of such Note so represented and credited to his securities account with Euroclear or Clearstream, Luxembourg gives notice that it wishes to accelerate such Note, unless within a period of 15 days from the giving of such notice payment has been made in full of the amount due in accordance with the terms of such global Note, such global Note will become void. At the same time, holders of interests in such global Note credited to their accounts with Euroclear or Clearstream, Luxembourg will become entitled to proceed directly against the Issuer on the basis of statements of account provided by Euroclear and Clearstream, Luxembourg, on and subject to the terms of a deed of covenant (the "**Deed of Covenant**") dated 17 July 2019, executed by the Issuer.

## FORM OF FINAL TERMS

Set out below is the form of Final Terms which will be completed for each Tranche of PD Notes issued under the Programme.

[<sup>1</sup>**MiFID II product governance / Professional investors and ECPs only target market** – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, "**MiFID II**"); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. [*Consider any negative target market*]. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturer[s/s'] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer[s/s'] target market assessment) and determining appropriate distribution channels.]

[**Notification under Section 309B(1)(c) of the Securities and Futures Act (Chapter 289) of Singapore (the "SFA")** – The Notes are [prescribed capital markets products]/[capital markets products other than prescribed capital markets products] (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and [Excluded Investment Products]/[Specified Investment Products] (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).]<sup>23</sup>

Final Terms dated [ ]

### STATE OF ISRAEL

**Legal Entity Identifier ("LEI"): 213800T8ZHTFZIBYPE21**

**Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]  
(the "Notes")**

**under the €12,000,000,000  
Euro Medium Term Note Programme**

The Base Prospectus referred to below (as completed by these Final Terms) has been prepared on the basis that any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Member State, from the requirement to publish a prospectus for offers of the Notes. Accordingly any person making or intending to make an offer in that Member State of the Notes may only do so in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. Neither the Issuer nor any Dealer has authorised, nor do they authorise, the making of any offer of Notes in any other circumstances.

The expression "**Prospectus Directive**" means Directive 2003/71/EC (as amended or superseded), and includes any relevant implementing measure in each Member State of the European Economic Area which has implemented the Prospectus Directive.

### PART A – CONTRACTUAL TERMS

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated 17 July 2019 [and the supplement(s) to it dated [ ]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (the "**Base Prospectus**"). This document constitutes the

<sup>1</sup> Legend to be included on front of the Final Terms if following the ICMA 1 "all bonds to all professionals" target market approach.

<sup>2</sup> Insert "prescribed capital market products" and "Excluded Investment Products" or, if not, amend Singapore product classification.

<sup>3</sup> Relevant Dealer(s) to consider whether it/they have received the necessary Singapore product classification from the Issuer prior to the launch of the offer, pursuant to Section 309B of the SFA.

Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Base Prospectus [as so supplemented]. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus [as so supplemented]. However, a summary of the issue of the Notes is annexed to these Final Terms. The Base Prospectus [and supplements thereto] [has/have] been published on the website of the Regulatory News Service operated by the London Stock Exchange at [www.londonstockexchange.com/exchange/news/market-news/market-news-home.html](http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html) and is available for viewing at, and copies may be obtained from, the Ministry of Finance of Israel at 1 Kaplan Street/Hakiria, Jerusalem 91131, Israel and the offices of Citibank NA London Branch at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, United Kingdom.]/[Terms used herein shall be deemed to be defined as such for the purposes of the terms and conditions set forth in the [Offering Circular/Base Prospectus] dated [ ] (the "**Conditions**") incorporated by reference into the Base Prospectus dated 17 July 2019. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Base Prospectus dated 17 July 2019 [and the supplement(s) to it dated [ ]], which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (the "**Base Prospectus**"). Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus [as so supplemented]. However, a summary of the issue of the Notes is annexed to these Final Terms. The Base Prospectus [and the supplement(s) thereto] [has/have] been published on the website of the Regulatory News Service operated by the London Stock Exchange at [www.londonstockexchange.com/exchange/news/market-news/market-news-home.html](http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html) and is available for viewing at, and copies may be obtained from, the Ministry of Finance of Israel at 1 Kaplan Street/Hakiria, Jerusalem 91131, Israel and the offices of Citibank NA London Branch at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, United Kingdom.]

- |     |  |   |
|-----|--|---|
| 1.  | Issuer:  | State of Israel   |
| 2.  | (i) Series Number:                             | [ ]   |
|     | (ii) Tranche Number:                           | [ ]   |
|     | (iii) Date on which the Notes become fungible: | [ ]   |
| 3.  | Specified Currency [or Currencies]:            | [ ]   |
| 4.  | Aggregate Nominal Amount:                      | [ ]   |
|     | (i) Series:                                    | [ ]   |
|     | (ii) Tranche:                                  | [ ]   |
| 5.  | Issue Price:                                   | [ ]   |
| 6.  | (i) Specified Denomination(s):                 | [ ]   |
|     | (ii) Calculation Amount:                       | [ ]   |
| 7.  | (i) Issue Date:                                | [ ]   |
|     | (ii) Interest Commencement Date:               | [ ]   |
| 8.  | Maturity Date:                                 | [ ]   |
| 9.  | Interest Basis:                                | [[ ] per cent. Fixed Rate]<br>[[ ] +/- [ ] per cent. Floating Rate]<br>[Zero Coupon]  |
| 10. | Redemption Basis:                              | Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at 100 per cent. of their nominal |

amount.

11. Put/Call Options: [Not Applicable/Investor Put/Issuer Call]

**PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

12. **Fixed Rate Note Provisions** [Applicable/Not Applicable]
- (i) Rate[(s)] of Interest: [ ] per cent. per annum payable in arrear on each Interest Payment Date
  - (ii) Interest Payment Date(s): [ ] in each year; not adjusted
  - (iii) Fixed Coupon Amount[(s)]: [[ ] per Calculation Amount/Condition 4(a)(ii) applies]
  - (iv) Broken Amount(s): [ ] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [ ]
  - (v) Fixed Day Count Fraction: [30/360 / Actual/365 (Fixed) / Actual/Actual (ICMA)]
13. **Floating Rate Note Provisions** [Applicable/Not Applicable]
- (i) Interest Period(s): [ ]
  - (ii) [Specified Period/Specified Interest Payment Dates]: [ ] [in each year, subject to adjustment in accordance with the Business Day Convention set out in paragraph (iv) below]
  - (iii) First Interest Payment Date: [ ]
  - (iv) Business Day Convention: [Floating Rate Convention / Following Business Day Convention / Modified Following Business Day Convention / Preceding Business Day Convention]
  - (v) Additional Business Centre(s): [ ]
  - (vi) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination/ISDA Determination]
  - (vii) Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the Principal Paying Agent): [ ]
  - (viii) Screen Rate Determination:
    - Reference Rate: [LIBOR/EURIBOR]
    - Interest Determination Date(s): [ ]
    - Relevant Screen Page: [ ]
  - (ix) ISDA Determination:
    - Floating Rate Option: [ ]
    - Designated Maturity: [ ]
    - Reset Date: [ ]
    - [ISDA Definitions: [2000/2006]]
  - (x) Linear Interpolation: [Not Applicable/Applicable – the Rate of Interest for the [long/short] [first/last] Interest Period]

- shall be calculated using Linear Interpolation]
- (xi) Margin(s): [ +/- ] [ ] per cent. per annum
- (xii) Minimum Interest Rate: [ ] per cent. per annum
- (xiii) Maximum Interest Rate: [ ] per cent. per annum
- (xiv) Day Count Fraction: [ ]
14. **Zero Coupon Note Provisions** [Applicable/Not Applicable]
- (i) Accrual Yield: [ ] per cent. per annum
- (ii) Reference Price: [ ]
- (iii) Day Count Fraction in relation to Early Redemption Amounts and late payments: [Conditions 6(d)(iii) and 6(g) apply]

**PROVISIONS RELATING TO REDEMPTION**

15. Notice periods for Condition 6(b) and 6(c): [Not Applicable/As set out in Condition [6(b)/6(c)] /Minimum period: [ ] days/Maximum period: [ ] days]
16. **Issuer Call** [Applicable/Not Applicable]
- (i) Optional Redemption Date(s): [ ]
- (ii) Optional Redemption Amount: [ ] per Calculation Amount
- (iii) If redeemable in part:
- (a) Minimum Redemption Amount: [ ] per Calculation Amount
- (b) Maximum Redemption Amount: [ ] per Calculation Amount
17. **Investor Put** [Applicable/Not Applicable]
- (i) Optional Redemption Date(s): [ ]
- (ii) Optional Redemption Amount(s) of each Note: [ ] per Calculation Amount
18. **Final Redemption Amount of each Note** [ ] per Calculation Amount
19. **Early Redemption Amount**
- Early Redemption Amount(s) per Calculation Amount payable on redemption for taxation reasons or on event of default or other early redemption: [ ] per Calculation Amount

**GENERAL PROVISIONS APPLICABLE TO THE NOTES**

20. **Form of Notes:** [Bearer Notes:]
- [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes upon an Exchange Event.]
- [Temporary Global Note exchangeable for Definitive Notes upon certification as to non-U.S. beneficial ownership on or after the Exchange Date.]
- [Permanent Global Note exchangeable for Definitive Notes upon an Exchange Event]

[Registered Notes:]

[Global Note registered in the name of a nominee for a common depository for Euroclear and Clearstream, Luxembourg]

- 21. Talons for future Coupons to be attached to Definitive Notes (and dates on which such Talons mature): [No/Yes]
- 22. Calculation Agent: [Not Applicable/Citibank NA London Branch/[ ]]
- 23. Additional Financial Centre(s): [Not Applicable/[ ]]
- 24. Additional Renminbi Clearing Financial Centre(s): [Not Applicable/[ ]]

SIGNATURE

Signed on behalf of State of Israel:

By: .....  
*Duly authorised*

By: .....  
*Duly authorised*

## **PART B — OTHER INFORMATION**

### **1. LISTING AND ADMISSION TO TRADING**

[Not Applicable./Application will be made for the Notes to be admitted to listing on the Official List of the FCA and to trading on the Regulated Market of the London Stock Exchange effective as of [ ].  
[The [Original Notes] have been admitted to listing on the Official List of the FCA and to trading on the Regulated Market of the London Stock Exchange.]]

### **2. RATINGS**

The Notes to be issued have not been rated./The Notes to be issued have been rated:

S&P Global Ratings, acting through Standard and Poor's Credit Market Services Europe Limited: [ ]

Moody's Investors Service, Inc.: [ ]

Fitch Ratings Ltd: [ ]

### **3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE/OFFER**

The Issuer is not aware of any interest(s) material to the issue of the Notes, other than any fees payable to the [Manager[s]/Dealer[s]] [and [ ] as Stabilisation Manager[s]]./[ ].

### **4. REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES**

Reasons for the offer: The net proceeds from the issue of the Notes will be used for the general financing purposes of the Issuer./[ ].

Estimated net proceeds: [ ]

Estimated total expenses: [ ]

### **5. [Fixed Rate Notes only – YIELD**

Indication of yield: [ ]]

### **6. [Floating Rate Notes only – HISTORIC INTEREST RATES**

Details of historic [EURIBOR/LIBOR] rates, and the further performance of such reference rate and its volatility, can be obtained from [Thomson Reuters].]

### **7. [THIRD PARTY INFORMATION**

[ ] has been extracted from [ ]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by [ ], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

### **8. OPERATIONAL INFORMATION**

ISIN: [ ]

Common Code: [ ]

Any clearing system(s) other than Euroclear [Not Applicable/[ ]]  
[Not Applicable/[ ]] Bank SA/NV and Clearstream Banking S.A. and the relevant identification number(s):

Names and addresses of additional Paying Agent(s) (if any): [ ]

Delivery: Delivery [against/free of] payment

### **9. DISTRIBUTION**



Method of distribution:	[Syndicated/Non-syndicated]
If syndicated:	[Applicable/Not Applicable]
(i) Names and addresses of Managers and underwriting commitments:	[Not Applicable/[ ]]
(ii) Date of Subscription Agreement:	[Not Applicable/[ ]]
(iii) Stabilisation Manager:	[Not Applicable/[ ]]
If non-syndicated, name of Manager:	[Not Applicable/[ ]]
[Indication of the overall amount of the underwriting commission and of the placing commission:	[ ] per cent. of the Aggregate Nominal Amount [of the Tranche]]
U.S. Selling Restrictions:	Regulation S Compliance Category 1; [TEFRA [C/D]/TEFRA not applicable]

**SUMMARY OF THE ISSUE**

*[Insert completed summary by amending and completing the summary of the Base Prospectus as appropriate to the terms of the specific issue]*

## TERMS AND CONDITIONS OF THE PD NOTES

*The following are the Terms and Conditions of the Notes which will be incorporated by reference into each global Note and each definitive Note, in the latter case only if permitted by the relevant competent listing authority, stock exchange, regulated market and/or quotation system (if any) and agreed by the Issuer and the relevant Dealer at the time of issue but, if not so permitted and agreed, such definitive Note will have endorsed thereon or attached thereto such Terms and Conditions. The applicable Final Terms in relation to any Tranche of Notes will complete the following Terms and Conditions for the purpose of such Notes.*

*The applicable Final Terms (or the relevant provisions thereof) will be endorsed upon, or attached to, each temporary global Note, permanent global Note and definitive Note.*

*The Terms and Conditions applicable to the Non PD Notes are the "Terms and Conditions of the Non PD Notes" set out in the Offering Circular and not these Terms and Conditions, which are applicable to PD Notes only.*

This Note is one of a Series (as defined herein) of Notes issued by State of Israel (the "**Issuer**") pursuant to the Agency Agreement (as defined herein).

References herein to the "**Notes**" shall be references to the Notes of this Series and shall mean:

- (i) in relation to any Notes represented by a global Note (a "**Global Note**"), units of the lowest Specified Denomination in the Specified Currency;
- (ii) any Global Note;
- (iii) definitive Notes in bearer form ("**Bearer Notes**") issued in exchange for a Global Note in bearer form; and
- (iv) any definitive Notes in registered form ("**Registered Notes**") (whether or not issued in exchange for a Global Note in registered form).

The Notes and the Coupons (as defined herein) are issued with the benefit of an Amendment and Restatement Agreement (Agency Agreement) dated 17 July 2019 (the "**Agency Agreement**", which expression shall include such agreement as further amended, supplemented or restated as at the Issue Date of the first Tranche of the Notes) and made among the Issuer, Citibank NA London Branch as principal paying agent (the "**Principal Paying Agent**", which expression shall include any successor agent specified in the applicable Final Terms (as defined herein)) and as transfer agent (the "**Transfer Agent**", which expression shall include any successor transfer agent specified in the applicable Final Terms (as defined herein)). Citigroup Global Markets Europe AG as registrar (the "**Registrar**", which expression shall include any successor registrar). Citibank Europe Plc as a paying agent and the other paying agents named therein (together with the Principal Paying Agent, the "**Paying Agents**", which expression shall include any additional or successor paying agents).

Interest bearing definitive Bearer Notes (unless otherwise indicated in the applicable Final Terms) have interest coupons ("**Coupons**") and, if indicated in the applicable Final Terms, talons for further Coupons ("**Talons**") attached on issue. Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons. Registered Notes and Global Notes do not have Receipts, Coupons or Talons attached on issue.

The price and amount of Notes to be issued under the Programme will be determined by the Issuer and the relevant Dealer(s) at the time of issue in accordance with prevailing market conditions.

The final terms for this Note (or the relevant provisions thereof) are set out in Part A of the Final Terms attached to or endorsed on this Note and supplements these Terms and Conditions and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Terms and Conditions, replace or modify these Terms and Conditions for the purposes of this Note. References herein to the "**applicable Final Terms**" are to Part A of the Final Terms (or the relevant provisions thereof) attached to or endorsed on this Note **provided that**, in the case of a Tranche of Notes which is the subject of a separate prospectus specific to that Tranche of Notes and constituted by a single document which relates to that particular Tranche of Notes (a "**Drawdown Prospectus**"), each reference to Final Terms or to information being specified

or identified in the applicable Final Terms shall be to the Drawdown Prospectus or to such information being specified or identified in the applicable Drawdown Prospectus unless the context requires otherwise.

The Noteholders and the Couponholders are entitled to the benefit of the Deed of Covenant (the "**Deed of Covenant**") dated 17 July 2019, and made by the Issuer. The original of the Deed of Covenant is held by a common depositary on behalf of Euroclear (as defined herein) and Clearstream, Luxembourg (as defined herein).

Copies of the Agency Agreement and the Deed of Covenant are available for inspection during normal business hours at the specified office of each of the Paying Agents. Copies of the applicable Final Terms are available for viewing at and copies may be obtained from the Ministry of Finance of Israel at 1 Kaplan Street/Hakiria, Jerusalem 91131, Israel and from the specified office of the Principal Paying Agent for the time being in London. The Noteholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Agency Agreement and the applicable Final Terms which are applicable to them.

Words and expressions defined in the Agency Agreement or used in the applicable Final Terms shall have the same meanings where used in these Terms and Conditions unless the context otherwise requires or unless otherwise stated and **provided that**, in the event of inconsistency between the Agency Agreement and the applicable Final Terms, the applicable Final Terms will prevail.

As used herein:

- "**Bearer Global Notes**" means Bearer Notes in global form;
- "**Couponholders**" means the holders of the Coupons, and shall, unless the context otherwise requires, include the holders of the Talons;
- "**Member State**" means a member state of the European Economic Area;
- "**Noteholders**" means (in the case of Bearer Notes) the holders of the Notes and (in the case of Registered Notes) the persons in whose name the Notes for the time being are registered, and shall, in relation to any Notes represented by a Global Note, be construed as provided below;
- "**outstanding**", in relation to the Notes, has the meaning given in the Agency Agreement;
- "**Prospectus Directive**" means Directive 2003/71/EC (as amended or superseded), and includes any relevant implementing measure in each Member State which has implemented the Prospectus Directive;
- "**Series**" means a Tranche of Notes together with any further Tranche or Tranches of Notes which are (i) expressed to be consolidated and form a single series and (ii) identical in all respects (including as to listing and admission to trading) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices;
- "**Registered Global Notes**" means Registered Notes in global form; and
- "**Tranche**" means Notes which are identical in all respects (including as to listing and admission to trading).

#### **1. Form, Denomination and Title**

The Notes are in bearer form or in registered form as specified in the applicable Final Terms and, in the case of definitive Notes, serially numbered, in the Specified Currency and the Specified Denomination(s). Notes of one Specified Denomination may not be exchanged for Notes of another Specified Denomination and Bearer Notes may not be exchanged for Registered Notes and *vice versa*.

This Note is a Fixed Rate Note, a Floating Rate Note or a Zero Coupon Note or any combination of the foregoing, depending upon the Interest Basis or, as the case may be Redemption/Payment Basis specified in the applicable Final Terms.

Definitive Bearer Notes are issued with Coupons attached, unless they are Zero Coupon Notes in which case references to Coupons and Couponholders in these Terms and Conditions are not applicable.

Subject as set out below, title to the Bearer Notes and Coupons will pass by delivery and title to the Registered Notes will pass upon registration of transfers in accordance with the provisions of the Agency Agreement. The Issuer and any Paying Agent may deem and treat the bearer of any Bearer Note or Coupon and the registered holder of any Registered Note as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any Global Note, without prejudice to the provisions set out in the next succeeding paragraph.

For so long as any of the Notes is represented by a Global Note held on behalf of Euroclear Bank SA/NV ("**Euroclear**") and/or Clearstream Banking S.A. ("**Clearstream, Luxembourg**"), each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg, as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer and the Paying Agents as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on the Notes, for which purpose the bearer of the relevant Bearer Global Note or the registered holder of the relevant Registered Global Note shall be treated by the Issuer and the Paying Agents as the holder of such Notes in accordance with and subject to the terms of the relevant Global Note and the expressions "**Noteholder**" and "**holder of Notes**" and related expressions shall be construed accordingly. Notes which are represented by a Global Note will be transferable only in accordance with the rules and procedures for the time being of Euroclear or of Clearstream, Luxembourg, as the case may be.

References to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system approved by the Issuer and the Principal Paying Agent.

## **2. Transfers of Registered Notes**

### **(a) *Transfers of interests in Registered Global Notes***

Transfers of beneficial interests in Registered Global Notes will be effected by Euroclear or Clearstream, Luxembourg, as the case may be, and, in turn, by other participants and, if appropriate, indirect participants in such clearing systems acting on behalf of transferors and transferees of such interests. A beneficial interest in a Registered Global Note will, subject to compliance with all applicable legal and regulatory restrictions, be transferable for Notes in definitive form or for a beneficial interest in another Registered Global Note of the same Series only in the authorised denominations set out in the applicable Final Terms and only in accordance with the rules and operating procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be, and in accordance with the terms and conditions specified in the Agency Agreement.

### **(b) *Transfers of Registered Notes in definitive form***

Subject as provided in Condition 2(c) below, upon the terms and subject to the conditions set forth in the Agency Agreement, a Registered Note in definitive form may be transferred in whole or in part (in the authorised denominations set out in the applicable Final Terms). In order to effect any such transfer (a) the holder or holders must (i) surrender the Registered Note for registration of the transfer of the Registered Note (or the relevant part of the Registered Note) at the specified office of any Transfer Agent, with the form of transfer thereon duly executed by the holder or holders thereof or his or their attorney or attorneys duly authorised in writing and (ii) complete and deposit such other certifications as may be required by the relevant Transfer Agent and (b) the relevant Transfer Agent must, after due and careful enquiry, be satisfied with the documents of title and the identity of the person making the request. Any such transfer will be subject to such reasonable regulations as the Issuer and the Registrar may from time to time prescribe (the initial such regulations being set out in Schedule 7 to the Agency Agreement) and a copy of such regulations will be mailed (free of charge) by the Registrar to any Noteholder who requests in writing a copy of the Regulations). Subject as provided above, the relevant

Transfer Agent will, within five business days (being for this purpose a day on which commercial banks are open for general business (including dealings in foreign currencies) in the city where the specified office of the Registrar or relevant Transfer Agent is located) of the request (or such longer period as may be required to comply with any applicable fiscal or other laws or regulations), authenticate and deliver, or procure the authentication and delivery of, at its specified office to the transferee or (at the risk of the transferee) send by uninsured first class mail (airmail if overseas), to such address as the transferee may request, a new Registered Note in definitive form of a like aggregate nominal amount to the Registered Note (or the relevant part of the Registered Note) transferred. In the case of the transfer of part only of a Registered Note in definitive form, a new Registered Note in definitive form in respect of the balance of the Registered Note not transferred will be so authenticated and delivered or (at the risk of the transferor) sent to the transferor.

(c) ***Registration of transfer upon partial redemption***

In the event of a partial redemption of Notes under Condition 6, the Issuer shall not be required to register the transfer of any Registered Note, or part of a Registered Note, called for partial redemption.

(d) ***Costs of registration***

The transfer of a Registered Note will be effected without charge by or on behalf of the Issuer or the Registrar or the Transfer Agent but against such indemnity as the Registrar or (as the case may be) the Transfer Agent may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such transfer.

(e) ***Closed periods***

Noteholders may not require transfers to be registered during the period of 15 days ending on the due date for any payment of principal or interest in respect of the Registered Notes.

**3. Status of the Notes**

The Notes and any relative Coupons are the direct, unconditional and unsecured obligations of the Issuer and rank and will rank *pari passu*, without preference among themselves, with all other unsecured External Indebtedness of the Issuer, from time to time outstanding, **provided, further, that** the Issuer shall have no obligation to effect equal or rateable payment(s) at any time with respect to any such other External Indebtedness and, in particular, shall have no obligation to pay other External Indebtedness at the same time or as a condition of paying sums due on the Notes and *vice versa*. For the purposes of this Condition<sup>3</sup>, "**External Indebtedness**" means any Indebtedness which is payable by its terms or at the option of its holder in any currency other than the currency of Israel and "**Indebtedness**" means all obligations of the Issuer in respect of borrowed money and guarantees given by the Issuer in respect of money borrowed by others.

**4. Interest**

(a) ***Interest on Fixed Rate Notes***

(i) ***General***

Each Fixed Rate Note bears interest on its outstanding nominal amount from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest payable in arrear on the Interest Payment Date(s) in each year and on the Maturity Date if that does not fall on an Interest Payment Date.

Except as provided in the applicable Final Terms, the amount of interest payable on each Interest Payment Date will amount to the Fixed Coupon Amount. Payments of interest on any Interest Payment Date will, if so specified in the applicable Final Terms, amount to the Broken Amount so specified.

Except in the case of Notes in definitive form where an applicable Fixed Coupon Amount or Broken Amount is specified in the applicable Final Terms, interest shall be calculated by the

Principal Paying Agent (the "**Interest Amount**") in respect of any Interest Period by applying the Rate of Interest to:

(A) in the case of Fixed Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Notes represented by such Global Note; or

(B) in the case of Fixed Rate Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Fixed Day Count Fraction.

The resultant figure (including after the application of any Fixed Coupon Amount or Broken Amount to the Calculation Amount in the case of Fixed Rate Notes in definitive form) shall be rounded to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

Where the Specified Denomination of a Fixed Rate Note in definitive form is a multiple of the Calculation Amount, the Interest Amount payable in respect of such Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

(ii) *Renminbi Notes*

For Renminbi Notes (as defined in Condition 5(g)) which are Fixed Rate Notes, where the Interest Payment Dates specified in the applicable Final Terms are subject to modification, each Fixed Coupon Amount shall be calculated by multiplying the product of the relevant Rate of Interest and the relevant Calculation Amount by the relevant Fixed Day Count Fraction and rounding the resultant figure to the nearest CNY0.01, with CNY0.005 being rounded upwards.

(iii) *Definitions*

For the purposes of these Conditions,

"**Fixed Day Count Fraction**" means, in respect of the calculation of an amount for any period of time (the "**Calculation Period**"), such day count fraction as may be specified in these Conditions or the applicable Final Terms and:

(A) if "**Actual/365 (Fixed)**" is so specified, means the actual number of days in the Calculation Period divided by 365;

(B) if "**Actual/Actual (ICMA)**" is so specified, means:

(a) where the Calculation Period is equal to or shorter than the Regular Period during which it falls, the actual number of days in the Calculation Period divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and

(b) where the Calculation Period is longer than one Regular Period, the sum of:

(A) the actual number of days in such Calculation Period falling in the Regular Period in which it begins divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and

(B) the actual number of days in such Calculation Period falling in the next Regular Period divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year;

- (C) if "30/360" is specified, on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed.

"**Regular Period**" means:

- (A) in the case of Notes where interest is scheduled to be paid only by means of regular payments, each period from and including the Interest Commencement Date to but excluding the first Interest Payment Date and each successive period from and including one Interest Payment Date to but excluding the next Interest Payment Date;
- (B) in the case of Notes where, except for the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where "**Regular Date**" means the day and month (but not the year) on which any Interest Payment Date falls; and
- (C) in the case of Notes where, apart from one Interest Period other than the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where "**Regular Date**" means the day and month (but not the year) on which any Interest Payment Date falls other than the Interest Payment Date falling at the end of the irregular Interest Period.

"**Sub-unit**" means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, means one cent.

(b) ***Interest on Floating Rate Notes***

(i) *Interest Payment Dates*

Each Floating Rate Note bears interest on its outstanding nominal amount from (and including) the Interest Commencement Date and such interest will be payable in arrear on either:

- (A) the Specified Interest Payment Date(s) in each year (the period from and including the Interest Commencement Date to but excluding the first Interest Payment Date and each successive period from and including an Interest Payment Date to but excluding the next Interest Payment Date each being an "**Interest Period**"); or
- (B) if no Specified Interest Payment Date(s) is/are specified in the applicable Final Terms, each date (each an "**Interest Payment Date**", which terms shall hereinafter in these Terms and Conditions include a Specified Interest Payment Date) which falls the number of months or other period specified as the Interest Period in the applicable Final Terms after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each Interest Period (which expression shall, in these Terms and Conditions, mean the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date) or the relevant payment date if the Notes become payable on a date other than an Interest Payment Date.

If a Business Day Convention is specified in the applicable Final Terms and (x) if there is no numerically corresponding day in the calendar month in which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

- (1) in any case where Interest Periods are specified in accordance with Condition 4(b)(i)(B) above, the Floating Rate Convention, such Interest Payment Date (i) in the



case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (B) below shall apply *mutatis mutandis* or (ii) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (A) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (B) each subsequent Interest Payment Date shall be the last Business Day in the month which falls the number of months or other period specified as the Interest Period in the applicable Final Terms after the preceding applicable Interest Payment Date occurred; or

- (2) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or
- (3) the Modified Following Business Day Convention or Modified Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or
- (4) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or
- (5) the FRN Convention, Floating Rate Convention or Eurodollar Convention, such Interest Payment Date shall be the date which numerically corresponds to the preceding such date in the calendar month which is the number of months specified in the applicable Final Terms as the Specified Period after the calendar month in which the preceding such date occurred **provided, however, that:**
  - (A) if there is no such numerically corresponding day in the calendar month in which any such date should occur, then such date will be the last day which is a Business Day in that calendar month;
  - (B) if any such date would otherwise fall on a day which is not a Business Day, then such date will be the first following day which is a Business Day unless that day falls in the next calendar month, in which case it will be the first preceding day which is a Business Day; and
  - (C) if the preceding such date occurred on the last day in a calendar month which was a Business Day, then all subsequent such dates will be the last day which is a Business Day in the calendar month which is the specified number of months after the calendar month in which the preceding such date occurred.

In this Condition (subject as otherwise provided in the applicable Final Terms), "**Business Day**" means:

- (A) if the currency of payment is euro, any day (except Saturday or Sunday) which is a TARGET Settlement Day and a day on which dealings in foreign currencies may be carried on in each (if any) Additional Business Centre as specified in the applicable Final Terms;
  - (B) in relation to any sum payable in Renminbi, a day (except Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments of Renminbi and are open for general business (including dealing in foreign exchange and foreign currency deposits) in Hong Kong or (if any) the additional financial centre(s) in which a Renminbi clearing bank clears and settles Renminbi (each, an "**Additional Renminbi Clearing Financial Centre**") as specified in the applicable Final Terms;
- or

- (C) if the currency of payment is not euro or Renminbi, any day (except Saturday or Sunday) which is a day on which dealings in foreign currencies may be carried on in the principal financial centre of the currency of payment and in each (if any) Additional Business Centre as specified in the applicable Final Terms.

"**TARGET Settlement Day**" means any day on which TARGET2 is open for the settlement of payments in euro.

(ii) *Rate of Interest*

The Rate of Interest payable from time to time in respect of Floating Rate Notes will be determined either by ISDA Determination or by Screen Rate Determination, and the method of determination will be specified in the applicable Final Terms.

(A) **ISDA Determination for Floating Rate Notes**

Where ISDA Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Final Terms) the Margin (if any). For the purposes of this sub-paragraph (A), "**ISDA Rate**" for an Interest Period means a rate equal to the Floating Rate that would be determined by the Principal Paying Agent or the Calculation Agent (if any is specified in the applicable Final Terms), as applicable under an interest rate swap transaction if the Principal Paying Agent or the Calculation Agent, as applicable, were acting as Calculation Agent (as defined in the ISDA Definitions (as defined below)) for that swap transaction under the terms of an agreement incorporating the 2000 ISDA Definitions (as amended and updated as at the date of issue of the first Tranche of the Notes of the relevant Series (as specified in the applicable Final Terms) as published by the International Swaps and Derivatives Association, Inc.) or, if so specified in the applicable Final Terms, the 2006 ISDA Definitions (as amended and updated as at the date of issue of the first Tranche of the Notes of the relevant Series (as specified in the applicable Final Terms) as published by the International Swaps and Derivatives Association, Inc.) (the "**ISDA Definitions**"), and under which:

- (1) the Floating Rate Option is as specified in the applicable Final Terms;
- (2) the Designated Maturity is a period specified in the applicable Final Terms; and
- (3) the relevant Reset Date is either (i) if the applicable Floating Rate Option is based on the London inter-bank offered rate (LIBOR) or on the Eurozone (as defined herein) inter-bank offered rate (EURIBOR) for a currency, the first day of that Interest Period or (ii) in any other case, as specified in the applicable Final Terms.

If Linear Interpolation is specified as applicable in respect of an Interest Period in the applicable Final Terms, the Rate of Interest for such Interest Period shall be calculated by the Calculation Agent specified in the Final Terms by straight-line linear interpolation by reference to two rates based on the relevant Floating Rate Option, where:

- (A) one rate shall be determined as if the Designated Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Period; and
- (B) the other rate shall be determined as if the Designated Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Period

**provided, however, that** if there is no rate available for a period of time next shorter than the length of the relevant Interest Period or, as the case may be, next longer than the length of the relevant Interest Period, then the Calculation Agent specified in the Final Terms shall determine such rate at such time and by reference to such sources as it determines appropriate.

For the purposes of this sub-paragraph (A), unless otherwise indicated, "**Floating Rate**", "**Calculation Agent**", "**Floating Rate Option**", "**Designated Maturity**" and "**Reset Date**" have the meanings given to those terms in the ISDA Definitions.

(B) **Screen Rate Determination for Floating Rate Notes**

Where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject as provided below, be either:

- (A) the offered quotation (if there is only one quotation on the Relevant Screen Page (as indicated in the applicable Final Terms)), expressed as a percentage rate per annum; or
- (B) the arithmetic mean (rounded if necessary to the fifth decimal place with 0.000005 being rounded upwards) of the offered quotations (expressed as a percentage rate per annum),

for deposits in the Specified Currency for that Interest Period which appears or appear, as the case may be, on the Relevant Screen Page as at the Relevant Time on the Interest Determination Date in question plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the Principal Paying Agent or the Calculation Agent, as applicable. If five or more such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) shall be disregarded by the Principal Paying Agent or the Calculation Agent, as applicable for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

If Linear Interpolation is specified as applicable in respect of an Interest Period in the applicable Final Terms, the Rate of Interest for such Interest Period shall be calculated by the Calculation Agent specified in the Final Terms by straight-line linear interpolation by reference to two rates which appear on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date, where:

- (1) one rate shall be determined as if the relevant Interest Period were the period of time for which rates are available next shorter than the length of the relevant Interest Period; and
- (2) the other rate shall be determined as if the relevant Interest Period were the period of time for which rates are available next longer than the length of the relevant Interest Period;

**provided, however, that** if no rate is available for a period of time next shorter or, as the case may be, next longer than the length of the relevant Interest Period, then the Calculation Agent specified in the Final Terms shall determine such rate at such time and by reference to such sources as it determines appropriate.

If the Relevant Screen Page is not available or if, in the case of (A) above, no such quotation appears or, in the case of (B) above, fewer than three of such offered quotations appear, in each case as the Relevant Time, the Principal Paying Agent shall request each of the Reference Banks (as defined herein) to provide the Principal Paying Agent with its offered quotation (expressed as a percentage rate per annum)

for the Reference Rate at approximately the Relevant Time on the Interest Determination Date in question. If two or more of the Reference Banks provide the Principal Paying Agent with such offered quotations, the Rate of Interest for such Interest Period shall be the arithmetic mean (rounded as provided above) of such offered quotations plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the Principal Paying Agent.

If on any Interest Determination Date one only or none of the Reference Banks provides the Principal Paying Agent with such an offered quotation as provided in the paragraph above, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Principal Paying Agent determines as being the arithmetic mean (rounded as provided above) of the rates, as communicated to (and at the request of) the Principal Paying Agent by the Reference Banks or any two or more of them, at which such banks were offered, at approximately the Relevant Time on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in the London inter-bank market (if the Reference Rate is LIBOR) or the Eurozone inter-bank market (if the Reference Rate is EURIBOR) plus or minus (as indicated in the applicable Final Terms) the Margin (if any) or, if fewer than two of the Reference Banks provide the Principal Paying Agent with such offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean (rounded as provided above) of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, at approximately the Relevant Time on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are suitable for such purpose) informs the Principal Paying Agent it is quoting to leading banks in the London inter-bank market (if the Reference Rate is LIBOR) or the Eurozone inter-bank market (if the Reference Rate is EURIBOR) plus or minus (as indicated in the applicable Final Terms) the Margin (if any), **provided that**, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be that determined as at the last preceding Interest Determination Date (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period in place of the Margin relating to that last preceding Interest Period).

In this Condition:

"**EURIBOR**" means, in respect of any specified currency and any specified period, the interest rate benchmark known as the Eurozone interbank offered rate which is calculated and published by a designated distributor (currently Thomson Reuters) in accordance with the requirements from time to time of the European Banking Federation (or any other person which takes over the administration that rate) the based on estimated interbank borrowing rates for a number of designated currencies and maturities which are provided, in respect of each such currency, by a panel of contributor banks (details of historic EURIBOR rates can be obtained from the designated distributor);

"**Eurozone**" means the zone comprising the member states of the European Union which adopt or have adopted the euro as their lawful currency in accordance with the Treaty establishing the European Community, as amended; and "**Relevant Time**" means, in the case of LIBOR, 11:00 am (London time) or, in the case of EURIBOR, 11:00 am (Brussels time) or, as the case may be, as specified in the applicable Final Terms;

"**LIBOR**" means, in respect of any specified currency and any specified period, the interest rate benchmark known as the London interbank offered rate (or any successor or replacement rate);

"**Reference Banks**" means, in the case of a determination of LIBOR, the principal London office of four major banks in the London inter-bank market, and in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market, in each case selected by the Principal Paying Agent in consultation with the Issuer; and

"**Relevant Screen Page**" means such page, section, caption, column or other part of a particular information service as may be specified in the applicable Final Terms (or any successor or replacement page, section, caption, column or other part of a particular information service).

(iii) *Minimum and/or Maximum Interest Rate*

If the applicable Final Terms specifies a Minimum Interest Rate for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (ii) above is less than such Minimum Interest Rate, the Rate of Interest for such Interest Period shall be such Minimum Interest Rate.

If the applicable Final Terms specifies a Maximum Interest Rate for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (ii) above is greater than such Maximum Interest Rate, the Rate of Interest for such Interest Period shall be such Maximum Interest Rate.

(iv) *Determination of Rate of Interest and Calculation of Interest Amounts*

The Principal Paying Agent or the Calculation Agent (as applicable), in the case of Floating Rate Notes, will, at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period. The Principal Paying Agent or the Calculation Agent (as applicable) will calculate the amount of interest (the "**Interest Amount**") payable on the Floating Rate Notes for the relevant Interest Period by applying the Rate of Interest to:

- (A) in the case of Floating Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Notes represented by such Global Note; or
- (B) in the case of Floating Rate Notes in definitive form, the Calculation Amount, and, in each case, multiplying such sum by the applicable Day Count Fraction, and

rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency,

half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Floating Rate Note in definitive form is a multiple of the Calculation Amount, the Interest Amount payable in respect of such Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding. For this purpose a "sub-unit" means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent.

"**Day Count Fraction**" means, in respect of the calculation of an amount of interest for any Interest Period:

- (i) if "**Actual/Actual**" or "**Actual/Actual (ISDA)**" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in leap year, the sum of (A) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);

- (ii) if "**Actual/365 (Fixed)**" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;
- (iii) if "**Actual/365 (Sterling)**" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 or, in the case of any Interest Payment Date falling in a leap year, 366;
- (iv) if "**Actual/360**" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;
- (v) if "**30/360**", "**360/360**" or "**Bond Basis**" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"**Y1**" is the year, expressed as a number, in which the first day of the Interest Period falls;

"**Y2**" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"**M1**" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"**M2**" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"**D1**" is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D1 will be 30;

"**D2**" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D1 is greater than 29, in which case D2 will be 30;

- (vi) if "**30E/360**" or "**Eurobond Basis**" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"**Y1**" is the year, expressed as a number, in which the first day of the Interest Period falls;

"**Y2**" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"**M1**" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"**M2**" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"**D1**" is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D1 will be 30; and "**D2**" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D2 will be 30; and

- (vii) if "**30E/360 (ISDA)**" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"**Y1**" is the year, expressed as a number, in which the first day of the Interest Period falls;

"**Y2**" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"**M1**" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"**M2**" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"**D1**" is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D1 will be 30; and

"**D2**" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D2 will be 30.

(v) *Notification of Rate of Interest and Interest Amounts*

The Principal Paying Agent or the Calculation Agent (as applicable) will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer and any competent listing authority, stock exchange, regulated market and/or quotation system by which the relevant Floating Rate Notes are for the time being listed and notice thereof to be published in accordance with Condition 13 as soon as possible after their determination but in no event later than the fourth London Business Day. For the purposes of this paragraph (v) the expression "**London Business Day**" means a day (other than a Saturday or Sunday on which banks and foreign exchange markets are open for business in London. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to each competent listing authority, stock exchange, regulated market and/or quotation system by which the relevant Floating Rate Notes are for the time being listed and to the Noteholders in accordance with Condition 13. If the Calculation Amount is less than the minimum Specified Denomination the Principal Paying Agent or the Calculation Agent (as applicable) shall not be obliged to publish each Interest Amount but instead may publish only the Calculation Amount and the Interest Amount in respect of a Note having the minimum Specified Denomination.

(vi) *Certificates to be Final*

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 4(b), whether by the Principal Paying Agent or, if applicable, the Calculation Agent, shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Principal Paying Agent, the Calculation Agent (if applicable), the other Paying Agents, the Registrar and all Noteholders and Couponholders and (in the absence as aforesaid) no liability to the Issuer, the Noteholders or the Couponholders shall attach to the Principal Paying Agent or the Calculation Agent (if applicable) in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

(c) *Benchmark Discontinuation*

(i) *Independent Adviser*

If a Benchmark Event occurs in relation to an Original Reference Rate at any time when these Conditions provide for any remaining Rate of Interest (or any component part thereof) to be determined by reference to such Original Reference Rate, then the Issuer shall use its reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, to determine a Successor Rate, failing which an Alternative Rate (in accordance with Condition 4(c)(ii)) and, in either case, an Adjustment Spread (in accordance with Condition 4(c)(iii)) and any Benchmark Amendments (in accordance with Condition 4(c)(iv)).

An Independent Adviser appointed pursuant to this Condition 4(c) shall act in good faith and in a commercially reasonable manner and (in the absence of bad faith or fraud) shall have no liability whatsoever to the Issuer, the Principal Paying Agent, any other party specified in the applicable Final Terms as being responsible for calculating the Rate of Interest, the Noteholders or the Couponholders for any determination made by it pursuant to this Condition 4(c).

(ii) *Successor Rate or Alternative Rate*

If the Independent Adviser (in consultation with the Issuer), acting in good faith and in a commercially reasonable manner, determines that:

- (A) there is a Successor Rate, then such Successor Rate as adjusted by the applicable Adjustment Spread as provided in Condition 4(c)(iii) shall subsequently be used in place of the Original Reference Rate to determine the relevant Rate(s) of Interest (or the relevant component part(s) thereof) for all relevant future payments of interest on the Notes (subject to the further operation of this Condition 4(c)); or
- (B) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate as adjusted by the applicable Adjustment Spread as provided in Condition 4(c)(iii) shall subsequently be used in place of the Original Reference Rate to determine the relevant Rate(s) of Interest (or the relevant component part(s) thereof) for all relevant future payments of interest on the Notes (subject to the further operation of this Condition 4(c)).

(iii) *Adjustment Spread*

If a Successor Rate or Alternative Rate is determined in accordance with Condition 4(c)(ii), the Independent Adviser (in consultation with the Issuer), acting in good faith and in a commercially reasonable manner, shall determine an Adjustment Spread (which may be expressed as a specified quantum, or a formula or methodology for determining the applicable Adjustment Spread (and, for the avoidance of doubt, such an Adjustment Spread may be positive, negative or zero)), which Adjustment Spread shall be applied to the Successor Rate or the Alternative Rate (as the case may be) for each subsequent determination of a relevant Rate of Interest (or a relevant component part thereof) by reference to such Successor Rate or Alternative Rate (as applicable).

(iv) *Benchmark Amendments*

If any Successor Rate or Alternative Rate and (in either case) the applicable Adjustment Spread is determined in accordance with this Condition 4(c) and the Independent Adviser (in consultation with the Issuer), acting in good faith and in a commercially reasonable manner, determines (A) that amendments to these Conditions and/or the Agency Agreement (including, without limitation, amendments to the definitions of Day Count Fraction, Business Day or Relevant Screen Page) are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and/or (in either case) Adjustment Spread (such amendments, the "**Benchmark Amendments**") and (B) the terms of the Benchmark Amendments, then the Issuer shall, subject to giving notice thereof in accordance with Condition 4(c)(v), without any requirement for the consent or approval of Noteholders or



Couponholders, vary these Conditions and/or the Agency Agreement (as applicable) to give effect to such Benchmark Amendments with effect from the date specified in such notice.

At the request of the Issuer, the Principal Paying Agent or the Calculation Agent, as applicable shall (at the expense of the Issuer), without any requirement for the consent or approval of Noteholders or Couponholders, be obliged to concur with the Issuer in effecting any Benchmark Amendments and the Principal Paying Agent or the Calculation Agent, as applicable shall not be liable to any party for any consequences thereof, provided that the Principal Paying Agent or the Calculation Agent, as applicable, shall not be obliged so to concur if in the reasonable opinion of the Principal Paying Agent or the Calculation Agent, as applicable, doing so would impose more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities or reduce rights and/or the protective provisions afforded to the Principal Paying Agent in these Conditions or the Agency Agreement in any way.

(v) *Notices, etc.*

The Issuer will notify the Principal Paying Agent, any other party specified in the applicable Final Terms as being responsible for calculating the Rate of Interest, the other Paying Agents and, in accordance with Condition 13, the Noteholders promptly of any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments determined under this Condition 4(c). Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.

(vi) *Survival of Original Reference Rate*

Without prejudice to the obligations of the Issuer under the provisions of this Condition 4(c), the Original Reference Rate and the fallback provisions provided for in Condition 4(b)(ii)(B) will continue to apply unless and until a Benchmark Event has occurred.

(vii) *Fallbacks*

If, following the occurrence of a Benchmark Event and in relation to the determination of the Rate of Interest on the relevant Interest Determination Date, no Successor Rate or Alternative Rate (as applicable) or (in either case) applicable Adjustment Spread is determined and notified to the Agent or any other party specified in the applicable Final Terms as being responsible for calculating the Rate of Interest (as applicable), in each case pursuant to this Condition 4(c), prior to such Interest Determination Date, the Original Reference Rate will continue to apply for the purposes of determining such Rate of Interest on such Interest Determination Date, with the effect that the fallback provisions provided for in Condition 4(c)(ii)(B) will (if applicable) continue to apply to such determination.

For the avoidance of doubt, this Condition 4(c)(vii) shall apply to the determination of the Rate of Interest on the relevant Interest Determination Date only, and the Rate of Interest applicable to any subsequent Interest Period(s) is subject to the subsequent operation of, and to adjustment as provided in, this Condition 4(c).

(viii) *Definitions*

As used in this Condition 4(c):

"**Adjustment Spread**" means either (a) a spread (which may be positive, negative or zero), or (b) a formula or methodology for calculating a spread, in either case which is to be applied to the relevant Successor Rate or Alternative Rate (as applicable) and is the spread, formula or methodology which:

- (A) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body; or
- (B) in the case of an Alternative Rate or (where (A) above does not apply) in the case of a Successor Rate, the Independent Adviser determines (in consultation with the Issuer) is recognised or acknowledged as being in customary market usage in international debt capital markets transactions which reference the Original

Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be); or

- (C) (if the Independent Adviser (in consultation with the Issuer) determines that neither (A) nor (B) above applies) the Independent Adviser (in consultation with the Issuer) determines to be appropriate, having regard to the objective, so far as is reasonably practicable in the circumstances, of reducing or eliminating any economic prejudice or benefit (as the case may be) to Noteholders and Couponholders as a result of the replacement of the Original Reference Rate with the Successor Rate or the Alternative Rate (as the case may be);

**"Alternative Rate"** means an alternative to the Original Reference Rate which the Independent Adviser (in consultation with the Issuer) determines in accordance with Condition 4(c)(ii) has replaced the Original Reference Rate in customary market usage in the international debt capital markets for the purposes of determining floating rates of interest (or the relevant component part thereof) for debt securities with a commensurate interest period and in the same Specified Currency as the Notes, or if the Independent Adviser (in consultation with the Issuer) determines that there is no such rate, such other rate as the Independent Adviser (in consultation with the Issuer) determines in its sole discretion is most comparable to the Original Reference Rate;

**"Benchmark Amendments"** has the meaning given to it in Condition 4(c)(iv);

**"Benchmark Event"** means, with respect to an Original Reference Rate:

- (A) the Original Reference Rate ceasing to be published for at least five Business Days or ceasing to exist or be administered; or
- (B) the later of (i) the making of a public statement by the administrator of the Original Reference Rate that it will, on or before a specified date, cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate) and (ii) the date falling six months prior to the specified date referred to in (B)(i); or
- (C) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate has been permanently or indefinitely discontinued; or
- (D) the later of (i) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate will, on or before a specified date, be permanently or indefinitely discontinued and (ii) the date falling six months prior to the specified date referred to in (D)(i); or
- (E) the later of (i) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that means the Original Reference Rate will be prohibited from being used or that its use will be subject to restrictions or adverse consequences, in each case on or before a specified date and (ii) the date falling six months prior to the specified date referred to in (E)(i); or
- (F) it has or will prior to the next Interest Determination Date become unlawful for the Issuer, the Principal Paying Agent, any other party specified in the applicable Final Terms as being responsible for calculating the Rate of Interest or any Paying Agent to calculate any payments due to be made to any Noteholder or Couponholder using the Original Reference Rate; or
- (G) the making of a public statement by the supervisor of the administrator of such Original Reference Rate announcing that such Original Reference Rate is no longer representative or may no longer be used;

**"Independent Adviser"** means an independent financial institution of international repute or an independent financial adviser with appropriate experience in the international debt capital markets appointed by the Issuer, at its own expense, under Condition 4(c)(i);

**"Original Reference Rate"** means the originally-specified Reference Rate used to determine the relevant Rate of Interest (or any component part thereof) in respect of any Interest Period(s) (provided that if, following one or more Benchmark Events, such originally specified Reference Rate (or any Successor Rate or Alternative Rate which has replaced it) has been replaced by a (or a further) Successor Rate or Alternative Rate and a Benchmark Event subsequently occurs in respect of such Successor Rate or Alternative Rate, the term "Original Reference Rate" shall include any such Successor Rate or Alternative Rate);

**"Relevant Nominating Body"** means, in respect of an Original Reference Rate:

- (A) the central bank for the currency to which the Original Reference Rate relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the Original Reference Rate; or
- (B) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (i) the central bank for the currency to which the Original Reference Rate relates, (ii) any central bank or other supervisory authority which is responsible for supervising the administrator of the Original Reference Rate, (iii) a group of the aforementioned central banks or other supervisory authorities or (iv) the Financial Stability Board or any part thereof; and

**"Successor Rate"** means a successor to or replacement of the Original Reference Rate which is formally recommended by any Relevant Nominating Body.

(d) ***Accrual of Interest***

Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the date for its redemption unless, upon due presentation thereof, payment of principal is improperly withheld or refused. In such event, interest will continue to accrue until whichever is the earlier of:

- (1) the date on which all amounts due in respect of such Note have been paid; and
- (2) the date on which the full amount of the moneys payable has been received by the Principal Paying Agent or the Registrar, as the case may be, and notice to that effect has been given in accordance with Condition 13 or individually.

**5. Payments**

(a) ***Method of Payment***

Subject as provided below:

- (i) payments in a Specified Currency other than euro and Renminbi (including the U.S. Dollar Equivalent of any amount due in Renminbi) will be made by transfer to an account in the relevant Specified Currency maintained by the payee with, or at the option of the payee by a cheque in such Specified Currency drawn on, a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney or Auckland, respectively);
- (ii) payments in euro will be made by euro cheque drawn on a bank in a principal financial centre of a state participating in the European economic and monetary union or by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee;
- (iii) payments of the U.S. Dollar Equivalent of the relevant Renminbi amount, determined in accordance with Condition 5(g) below, will be made by credit or transfer to a U.S. dollar

account (or any other account to which U.S. dollars may be credited or transferred) specified by the payee or, at the option of the payee, by a U.S. dollar cheque, provided, however, that no payment will be made by transfer to an account in, or by cheque mailed to an address in, the United States; and

- (iv) payments in Renminbi will be made by credit or transfer to an account denominated in that currency and maintained by the payee with a bank in Hong Kong or (if any) an Additional Renminbi Clearing Financial Centre specified in the Final Terms.

Payments will be subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 7.

(b) ***Presentation of definitive Bearer Notes and Coupons***

Payments of principal in respect of definitive Bearer Notes will (subject as provided below) be made in the manner provided in paragraph (a) above only against surrender of definitive Bearer Notes, and payments of interest in respect of definitive Bearer Notes will (subject as provided below) be made as aforesaid only against surrender of Coupons, in each case at the specified office of any Paying Agent outside the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia, its territories, its possessions and other areas subject to its jurisdiction)).

Fixed Rate Notes in definitive bearer form should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured

Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of seven years after the Relevant Date (as defined in Condition 7) in respect of such principal or, if later, five years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

Upon any Fixed Rate Note in definitive bearer form becoming due and repayable prior to its Maturity Date, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

Upon the date on which any Floating Rate Note in definitive bearer form becomes due and repayable, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof.

If the due date for redemption of any definitive Bearer Note is not a Fixed Interest Date or an Interest Payment Date, interest (if any) accrued in respect of such Note from (and including) the preceding Fixed Interest Date or Interest Payment Date or, as the case may be, the Interest Commencement Date shall be payable only against surrender of the relevant definitive Bearer Note.

Payments of principal and interest (if any) in respect of Notes represented by any Global Note in bearer form will (subject as provided below) be made in the manner specified above in relation to definitive Notes and otherwise in the manner specified in the relevant Global Note against presentation or surrender, as the case may be, of such Global Note at the specified office of any Paying Agent. A record of each payment made against presentation or surrender of such Global Note, distinguishing between any payment of principal and any payment of interest, will be made on such Global Note by such Paying Agent and such record shall be *prima facie* evidence that the payment in question has been made.

(c) ***Payments in respect of Registered Notes***

Payments of principal in respect of each Registered Note (whether or not in global form) will be made against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the

Registered Note at the specified office of the Registrar or any of the Paying Agents. Such payments will be made by transfer to the Designated Account (as defined below) of the holder (or the first named of joint holders) of the Registered Note appearing in the register of holders of the Registered Notes maintained by the Registrar (the "**Register**") (i) where in global form, at the close of the business day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business) before the relevant due date, and (ii) where in definitive form, at the close of business on the third business day (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar is located) before the relevant due date. For these purposes, "**Designated Account**" means the account (which, in the case of a payment in Japanese yen to a non-resident of Japan, shall be a non-resident account) maintained by a holder with a Designated Bank and identified as such in the Register and "**Designated Bank**" means (in the case of payment in a Specified Currency other than euro and Renminbi (including the U.S. Dollar Equivalent of any amount due in Renminbi)) a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively); (in the case of a payment in euro) any bank which processes payments in euro; (in the case of payments in Renminbi) a bank in Hong Kong or (if any) any Additional Renminbi Clearing Financial Centre specified in the Final Terms; and (in the case of payments of the U.S. Dollar Equivalent of the relevant Renminbi amount) any bank outside of the United States which processes payments in U.S. dollars.

Payments of interest and payments of principal in respect of each Registered Note (whether or not in global form) will be made by transfer on the due date to the Designated Account of the holder (or the first named of joint holders) of the Registered Note appearing in the Register (i) where in global form, at the close of the business day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business) before the relevant due date, and (ii) where in definitive form, at the close of business on the fifteenth day (whether or not such fifteenth day is a business day) before the relevant due date (the "**Record Date**"). Payment of the interest due in respect of each Registered Note on redemption will be made in the same manner as payment of the principal amount of such Registered Note.

No commissions or expenses shall be charged to the holders by the Registrar in respect of any payments of principal or interest in respect of Registered Notes.

None of the Issuer or the Agents will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

(d) ***General Provisions Applicable to Payments***

The holder of a Global Note shall be the only person entitled to receive payments in respect of Notes represented by such Global Note and the Issuer will be discharged by payment to, or to the order of, the holder of such Global Note in respect of each amount so paid. Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg as the beneficial holder of a particular nominal amount of Notes represented by such Global Note must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for his share of each payment so made by the Issuer to, or to the order of, the holder of such Global Note.

Notwithstanding the foregoing, if any amount of principal and/or interest in respect of Bearer Note is payable in U.S. dollars (other than any U.S. Dollar Equivalent of an amount due in Renminbi), such U.S. dollar payments of principal and/or interest in respect of this Note will be made at the specified office of a Paying Agent in the United States if:

- (i) the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S. dollars at such specified offices outside the United States of the full amount of principal and interest on Bearer Notes in the manner provided above when due;

- (ii) payment of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. dollars; and
- (iii) such payment is then permitted under United States law without involving, in the opinion of the Issuer, adverse tax consequences to the Issuer.

(e) ***Payment Day***

If the date for payment of any amount in respect of any Note or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, "**Payment Day**" means:

- (i) if the currency of payment is euro, any day (except Saturday or Sunday) which is a TARGET Settlement Day and a day on which dealings in foreign currencies may be carried on in each (if any) Additional Financial Centre as specified in the applicable Final Terms; or
- (ii) if the currency of payment is Renminbi, a day (except Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments of Renminbi and are open for general business (including dealing in foreign exchange and foreign currency deposits) in Hong Kong or (if any) an Additional Renminbi Clearing Financial Centre as specified in the applicable Final Terms;
- (iii) if the currency of payment is not euro or Renminbi, any day (except Saturday or Sunday) which is a day on which dealings in foreign currencies may be carried on in the principal financial centre of the currency of payment and in each (if any) Additional Financial Centre as specified in the applicable Final Terms; and
- (iv) in the case of Notes in definitive form only, any day (except Saturday or Sunday) which is a day on which banks in the relevant place of presentation are open for presentation and payment of bearer debt securities and for dealings in foreign currencies.

(f) ***Interpretation of Principal and Interest***

Any reference in these Terms and Conditions to principal in respect of the Notes shall be deemed to include, as applicable:

- (i) any additional amounts which may be payable with respect to principal under Condition 7;
- (ii) the Final Redemption Amount of the Notes;
- (iii) the Early Redemption Amount of the Notes;
- (iv) the Optional Redemption Amount(s) (if any) of the Notes; and
- (v) any premium and any other amounts which may be payable by the Issuer under or in respect of the Notes.

(g) ***Payment of U.S. Dollar Equivalent***

This Condition 5(g) applies to Notes denominated in Renminbi (the "**Renminbi Notes**"). Notwithstanding the foregoing, if by reason of Inconvertibility, Non-transferability or Illiquidity, the Issuer is not able to satisfy payments of principal or interest (in whole or in part) in respect of Renminbi Notes when due in Renminbi, the Issuer may settle any such payment (in whole or in part) in U.S. dollars on the due date at the U.S. Dollar Equivalent of any such Renminbi amount. Upon the determination that a condition of Inconvertibility, Non-transferability or Illiquidity prevails, the Issuer shall no later than 10:00 a.m. (Hong Kong time) on the Rate Calculation Date, (i) notify the Calculation Agent and the Paying Agents, and (ii) notify the Noteholders in accordance with Condition 13 of such determination.

Any payment made in the U.S. Dollar Equivalent of a Renminbi amount under this Condition 5(g) will constitute valid payment, and will not constitute a default in respect of the Renminbi Notes.

For the purposes of these Conditions:

**"Governmental Authority"** means any *de facto* or *de jure* government (or any agency or instrumentality thereof), court, tribunal, administrative or other governmental authority or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) of Hong Kong or the PRC.

**"Illiquidity"** means the general Renminbi exchange market in Hong Kong becomes illiquid, other than as a result of an event of Inconvertibility or Non-transferability, as determined by the Issuer in good faith and in a commercially reasonable manner following consultation with two Renminbi Dealers, as a result of which the Issuer cannot, having used its reasonable endeavours, obtain sufficient Renminbi in order fully to satisfy its obligation to pay interest or principal (in whole or in part) in respect of the Renminbi Notes.

**"Inconvertibility"** means that the Issuer determines (in good faith and in a commercially reasonable manner) that it is impossible (where it had previously been possible) or, having used its reasonable endeavours, impracticable, for it to convert any amount due in respect of the Renminbi Notes in the general Renminbi exchange market in Hong Kong, other than where such impossibility or impracticability is due solely to the failure of the Issuer to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Issue Date and it is impossible or, having used its reasonable endeavours, impracticable for the Issuer, due to an event beyond its control, to comply with such law, rule or regulation).

**"Non-transferability"** means that the Issuer determines (in good faith and in a commercially reasonable manner) that it is impossible or, having used its reasonable endeavours, impracticable, for it to deliver Renminbi (i) between accounts inside Hong Kong or (ii) from an account outside Hong Kong to an account inside Hong Kong, other than where such impossibility or impracticability is due solely to the failure of the Issuer to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Issue Date and it is impossible or, having used its reasonable endeavours, impracticable for the Issuer, due to an event beyond its control, to comply with such law, rule or regulation).

**"PRC"** means the People's Republic of China.

**"Rate Calculation Business Day"** means a day (other than a Saturday or Sunday) on which commercial banks are open for general business (including dealings in foreign exchange) in Hong Kong and New York City.

**"Rate Calculation Date"** means the day which is two Rate Calculation Business Days before the due date of the relevant amount under these Conditions.

**"Renminbi"** or **"CNY"** means the official currency of the People's Republic of China.

**"Renminbi Dealer"** means an independent foreign exchange dealer of international repute active in the Renminbi exchange market in Hong Kong.

**"Spot Rate"** means, for a Rate Calculation Date, the spot USD/CNY exchange rate for the purchase of U.S. dollars with Renminbi in the over-the-counter Renminbi exchange market in Hong Kong, as determined by the Calculation Agent at or around 11.00 a.m. (Hong Kong time) on a deliverable basis by reference to Reuters Screen Page TRADCNY3, or if no such rate is available, on a non-deliverable basis by reference to Reuters Screen Page TRADNDF. If neither rate is available, the Calculation Agent will determine the spot rate at or around 11.00 a.m. (Hong Kong time) on the Rate Calculation Date as the most recently available USD/Renminbi official fixing rate for settlement on the due date for payment reported by the State Administration of Foreign Exchange of the PRC, which is reported on the Reuters Screen Page CNY=SAEC. Reference to a page on the Reuters Screen means the display

page so designated on the Reuter Monitor Money Rates Service (or any successor service) or such other page as may replace that page for the purpose of displaying a comparable currency exchange rate.

"**U.S. Dollar Equivalent**" of a Renminbi amount means the relevant Renminbi amount converted into U.S. dollars using the Spot Rate for the relevant Rate Calculation Date as determined by the Calculation Agent at or around 11.00 a.m. (Hong Kong time) on the Rate Calculation Date.

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 5(g) by the Calculation Agent, will (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Agents and all Noteholders and Couponholders.

## **6. Redemption and Purchase**

### **(a) *At Maturity***

Unless previously redeemed or purchased and cancelled as specified below, each Note will be redeemed by the Issuer at its Final Redemption Amount specified in the applicable Final Terms in the relevant Specified Currency on the Maturity Date.

### **(b) *Redemption at the Option of the Issuer (Issuer Call)***

If Issuer Call is specified in the applicable Final Terms, the Issuer may, having given:

- (i) not less than 30 nor more than 60 days' notice (or such other period as is indicated in the applicable Final Terms) to the Noteholders in accordance with Condition 13; and
- (ii) not less than 15 days before the giving of the notice referred to in (i), notice to the Principal Paying Agent,

(which notices shall be irrevocable), redeem all or some only of the Notes then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) specified in the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date. Any such redemption must be of a nominal amount equal to the Minimum Redemption Amount or a Maximum Redemption Amount. In the case of a partial redemption of Notes, the Notes to be redeemed ("**Redeemed Notes**") will be selected individually by lot, in the case of Redeemed Notes represented by definitive Notes, and in accordance with the rules of Euroclear and/or Clearstream, Luxembourg, in the case of Redeemed Notes represented by a Global Note, not more than 30 days prior to the date fixed for redemption (such date of selection being hereinafter called the "**Selection Date**"). In the case of Redeemed Notes represented by definitive Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 13 not less than 15 days prior to the date fixed for redemption. The aggregate nominal amount of Redeemed Notes represented by definitive Notes shall bear the same proportion to the aggregate nominal amount of all Redeemed Notes as the aggregate nominal amount of definitive Notes outstanding bears to the aggregate nominal amount of the Notes outstanding, in each case on the Selection Date, **provided that** such first mentioned nominal amount shall, if necessary, be rounded downwards to the nearest integral multiple of the Specified Denomination, and the aggregate nominal amount of Redeemed Notes represented by a Global Note shall be equal to the balance of the Redeemed Notes. No exchange of the relevant Global Note will be permitted during the period from and including the Selection Date to and including the date fixed for redemption pursuant to this paragraph (b) and notice to that effect shall be given by the Issuer to the Noteholders in accordance with Condition 13 at least 5 days prior to the Selection Date.

### **(c) *Redemption at the Option of the Noteholders (Investor Put)***

If Investor Put is specified in the applicable Final Terms, upon the holder of any Note giving to the Issuer in accordance with Condition 13 not less than 30 nor more than 60 days' (or such other period as is indicated in the applicable Final Terms) notice the Issuer will, upon the expiry of such notice, redeem, subject to, and in accordance with, the terms specified in the applicable Final Terms, in whole (but not in part), such Note on the Optional Redemption Date and at the Optional Redemption Amount



specified in the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date.

If this Note is in definitive form, to exercise the right to require redemption of this Note the holder of this Note must deliver such Note at the specified office of any Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes) at any time during normal business hours of such Paying Agent or, as the case may be, the Registrar falling within the notice period, accompanied by a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent (a "**Put Notice**") and in which the holder must specify a bank account (or, if payment is to be made by cheque, an address) to which payment is to be made under this Condition and in the case of Registered Notes, the nominal amount thereof to be redeemed and, if less than the full nominal amount of the Registered Notes so surrendered is to be redeemed, an address to which a new Registered Note in respect of the balance of such Registered Notes is to be sent subject to and in accordance with the provisions of Condition 2(b). If this Note is in definitive bearer form, the Put Notice must be accompanied by this Note or evidence satisfactory to the Paying Agent concerned that this Note will, following delivery of the Put Notice, be held to its order or under its control. Any Put Notice given by a holder of any Note pursuant to this paragraph shall be irrevocable except where prior to the due date of redemption an Event of Default shall have occurred and be continuing in which event such holder, at its option, may elect by notice to the Issuer to withdraw the notice given pursuant to this paragraph and instead to declare such Note forthwith due and payable pursuant to Condition 9.

(d) ***Early Redemption Amounts***

For the purpose of Condition 9, the Notes will be redeemed at the Early Redemption Amount calculated as follows:

- (i) in the case of Notes with a Final Redemption Amount equal to the Issue Price, at the Final Redemption Amount thereof;
- (ii) in the case of Notes (other than Zero Coupon Notes) with a Final Redemption Amount which is or may be less or greater than the Issue Price or which is payable in a Specified Currency other than that in which the Notes are denominated, at the amount specified in the applicable Final Terms or, if no such amount or manner is so specified in the Final Terms, at their nominal amount outstanding; or
- (iii) in the case of Zero Coupon Notes, at its Early Redemption Amount equal to the product of:
  - (A) the Reference Price; and
  - (B) the product of the Accrual Yield (compounded annually) being applied to the Reference Price from (and including) the Issue Date to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable.

Where such calculation is to be made for a period which is not a whole number of years, it shall be made on the basis of a 360-day year consisting of 12 months of 30 days each.

(e) ***Purchases***

The Issuer, may at any time purchase Notes (**provided that**, in the case of definitive Bearer Notes, all unmatured Coupons appertaining thereto are purchased therewith) in any manner and at any price. Such Notes may be held, reissued, resold or, at the option of the Issuer, surrendered to any Paying Agent and/or the Registrar for cancellation.

(f) ***Cancellation***

All Notes which are redeemed or purchased and surrendered for cancellation pursuant to paragraph (e) above will forthwith be cancelled (together with all unmatured Coupons attached thereto or surrendered therewith at the time of redemption or purchase). All Notes so cancelled (together with all unmatured

Coupons cancelled therewith) shall be forwarded to the Principal Paying Agent and cannot be reissued or resold.

(g) ***Late payment on Zero Coupon Notes***

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to paragraph (a), (b) or (c) above or upon its becoming due and repayable as provided in Condition 9 is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in paragraph (d)(iii) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of:

- (i) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and
- (ii) the date on which the full amount of the moneys payable has been received by the Principal Paying Agent or the Registrar and notice to that effect has been given to the Noteholders either in accordance with Condition 13 or individually.

**7. Taxation**

All payments of principal and interest in respect of the Notes and Coupons by the Issuer will be made free and clear of, and without withholding or deduction for or on account of any present or future taxes imposed by or within State of Israel or any authority therein or thereof having power to tax (together "**Taxes**") unless such withholding or deduction is required by law. In such event, the Issuer will pay such additional amounts as will result in receipt by the holders of the Notes or Coupons of such amounts as would have been received by them in respect of the Notes or Coupons, as the case may be, had no such withholding or deduction been required; except that no such additional amounts shall be payable with respect to any Note or Coupon:

- (i) presented for payment by or by a third party on behalf of a Noteholder or Couponholder who is liable for such Taxes in respect of such Note or Coupon by reason of his having some connection with State of Israel other than the mere holding of such Note or Coupon; or
- (ii) presented for payment more than 30 days after the Relevant Date (as defined herein) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on the last day of such period of 30 days.

As used herein, the "**Relevant Date**" means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Principal Paying Agent or the Registrar, as the case may be, on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 13.

**8. Prescription**

The Notes (whether in bearer or registered form) and Coupons (if any) will become void unless presented for payment within a period of seven years after the Relevant Date (as defined in Condition 7) therefor.

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition or Condition 5(b) or any Talon which would be void pursuant to Condition 5(b).

**9. Events of Default**

(a) ***Declaration of Acceleration***

If any of the following events (each an "**Event of Default**") occurs and is continuing:

- (i) default is made for more than 30 days in the payment of any amount in respect of any of the Notes; or

- (ii) default is made in the performance by the Issuer of any other obligation of the Issuer in respect of the Notes (other than any obligation for the payment of any amount due in respect of any of the Notes) and such default continues for a period of 60 days after written notification requiring such default to be remedied has been given to the Issuer by any Noteholder; or
- (iii) the Issuer declares a moratorium with respect to the payment of any amount in respect of any of the Notes,

then the holders of at least 25 per cent. in aggregate principal amount of the outstanding Notes may, by notice in writing to the Issuer (with a copy to the Principal Paying Agent), declare all the Notes to be immediately due and payable, whereupon they shall become immediately due and payable at the Early Redemption Amount (as described in Condition 6(d)) without further action or formality. Notice of any such declaration shall promptly be given to all other Noteholders by the Issuer.

(b) ***Withdrawal of Declaration of Acceleration***

If the Issuer receives notice in writing from holders of at least 50 per cent. in aggregate principal amount of the outstanding Notes to the effect that the Event of Default or Events of Default giving rise to any above mentioned declaration of acceleration is or are cured following any such declaration and that such holders wish the relevant declaration to be withdrawn, the Issuer shall, give notice thereof to the Noteholders (with a copy to the Principal Paying Agent), whereupon the relevant declaration shall be withdrawn and shall have no further effect but without prejudice to any rights or obligations which may have arisen before the Issuer gives such notice (whether pursuant to these Conditions or otherwise). No such withdrawal shall affect any other or any subsequent Event of Default or any right of any Noteholder in relation thereto.

**10. Replacement of Notes, Coupons and Talons**

Should any Note, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Principal Paying Agent (in the case of Bearer Notes or Coupons) or the Registrar or Transfer Agent (in the case of Registered Notes) upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Notes, Coupons or Talons must be surrendered before replacements will be issued.

**11. Principal Paying Agent, Paying Agents, Registrar and Transfer Agents**

The names of the initial Principal Paying Agent and the other initial Paying Agents and their initial specified offices are set out below.

The Issuer is entitled to vary or terminate the appointment of any Paying Agent and/or appoint additional or other Paying Agents and/or approve any change in the specified office through which any Paying Agent acts, **provided that:**

- (i) so long as the Notes are admitted to listing, trading and/or quotation by any competent listing authority, stock exchange, regulated market and/or quotation system, there will at all times be a Paying Agent (in the case of Bearer Notes) and a Transfer Agent (in the case of Registered Notes) with a specified office in such place as may be required by the rules and regulations of the relevant competent listing authority, stock exchange, regulated market and/or quotation system; and
- (ii) there will at all times be a Principal Paying Agent and a Registrar.

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in the final paragraph of Condition 5(d). Any variation, termination, appointment or change shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 nor more than 45 days' prior notice thereof shall have been given to the Noteholders in accordance with Condition 13.

## 12. Exchange of Talons

On and after the Interest Payment Date, on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of the Principal Paying Agent or any other Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 8. Each Talon shall, for the purposes of these Terms and Conditions, be deemed to mature on the Fixed Interest Date or the Interest Payment Date (as the case may be) on which the final Coupon comprised in the relative Coupon sheet matures.

## 13. Notices

All notices regarding the Bearer Notes shall be published in a leading English language daily newspaper of general circulation in London. It is expected that such publication will be made in the *Financial Times* in London. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any other competent listing authority, stock exchange, regulated market and/or quotation system by which the Bearer Notes are for the time being listed including publication on the website of the relevant stock exchange or relevant authority if required by those rules. Any such notice will be deemed to have been given on the date of the first publication in both such newspapers.

All notices regarding the Registered Notes will be deemed to be validly given if sent by first class mail (or its equivalent) or (if posted to an address overseas) by airmail to the holders (or the first named of joint holders) at their respective addresses recorded in the Register and will be deemed to have been given on the fourth weekday (being a day other than a Saturday or Sunday) after the date of mailing and, in addition, for so long as any Registered Notes are listed on a stock exchange or are admitted to trading by another relevant authority and the rules of that stock exchange or relevant authority so require, such notice will be published on the website of the relevant stock exchange or relevant authority and/or in a daily newspaper of general circulation in the place or places required by those rules.

Until such time as any definitive Notes are issued, there may (**provided that**, in the case of Notes listed by a competent listing authority, stock exchange, regulated market and/or quotation system, the competent listing authority, stock exchange, regulated market and/or quotation system agrees), so long as the Global Note(s) is or are held in its/their entirety on behalf of Euroclear and Clearstream, Luxembourg, be substituted for such publication in such newspaper(s) or such websites the delivery of the relevant notice to Euroclear and Clearstream, Luxembourg for communication by them to the holders of the Notes. Any such notice shall be deemed to have been given to the holders of the Notes on the seventh day after the day on which the said notice was given to Euroclear and Clearstream, Luxembourg.

Notices to be given by any holder of the Notes shall be in writing and given by lodging the same, together with the relative Note or Notes, with the Principal Paying Agent. Whilst any of the Notes are represented by a Global Note, such notice may be given by any holder of a Note to the Principal Paying Agent or the Registrar via Euroclear and/or Clearstream, Luxembourg, as the case may be, in such manner as the Principal Paying Agent, the Registrar and Euroclear and/or Clearstream, Luxembourg, as the case may be, may approve for this purpose.

## 14. Meetings of Noteholders; Written Resolutions; Electronic Consents

### (a) *Convening Meetings of Noteholders; Conduct of Meetings of Noteholders*

- (i) The Issuer may convene a meeting of the Noteholders at any time in respect of the Notes in accordance with the Agency Agreement. The Issuer will determine the time and place of the meeting. The Issuer will notify the Noteholders of the time, place and purpose of the meeting not less than 21 and not more than 45 days before the meeting.

- (ii) The Issuer or the Principal Paying Agent will convene a meeting of Noteholders if the holders of at least 10 per cent. in principal amount of the outstanding Notes have delivered a written request to the Issuer or the Principal Paying Agent (with a copy to the Issuer) setting out the purpose of the meeting. The Principal Paying Agent will agree the time and place of the meeting with the Issuer promptly. The Issuer or the Principal Paying Agent, as the case may be, will notify the Noteholders within 10 days of receipt of such written request of the time and place of the meeting, which shall take place not less than 21 and not more than 45 days after the date on which such notification is given.
- (iii) The Issuer (with the agreement of the Principal Paying Agent) will set the procedures governing the conduct of any meeting in accordance with the Agency Agreement. If the Agency Agreement does not include such procedures, or additional procedures are required, the Issuer and the Principal Paying Agent will agree such procedures as are customary in the market and in such a manner as to facilitate any multiple series aggregation, if in relation to a Reserved Matter the Issuer proposes any modification to the terms and conditions of, or action with respect to, two or more series of debt securities issued by it.
- (iv) The notice convening any meeting will specify, *inter alia*;
  - (A) the date, time and location of the meeting;
  - (B) the agenda and the text of any Extraordinary Resolution to be proposed for adoption at the meeting;
  - (C) the record date for the meeting, which shall be no more than five business days before the date of the meeting;
  - (D) the documentation required to be produced by a Noteholder in order to be entitled to participate at the meeting or to appoint a proxy to act on the Noteholder's behalf at the meeting;
  - (E) any time deadline and procedures required by any relevant international and/or domestic clearing systems or similar through which the Notes are traded and/or held by Noteholders;
  - (F) whether paragraph (b), or paragraph (c), or paragraph (d) below shall apply and, if relevant, in relation to which other series of debt securities it applies;
  - (G) if the proposed modification or action relates to two or more series of debt securities issued by it and contemplates such series of debt securities being aggregated in more than one group of debt securities, a description of the proposed treatment of each such group of debt securities;
  - (H) such information that is required to be provided by the Issuer in accordance with paragraph (f) below;
  - (I) the identity of the Aggregation Agent (as defined in these Conditions) and the Calculation Agent, if any, for any proposed modification or action to be voted on at the meeting, and the details of any applicable methodology referred to in paragraph (g) below; and
  - (J) any additional procedures which may be necessary and, if applicable, the conditions under which a multiple series aggregation will be deemed to have been satisfied if it is approved as to some but not all of the affected series of debt securities.
- (v) A "**record date**" in relation to any proposed modification or action means the date fixed by the Issuer for determining the Noteholders and, in the case of a multiple series aggregation, the holders of debt securities of each other affected series that are entitled to vote on a Multiple Series Single Limb Extraordinary Resolution or a Multiple Series Two Limb

Extraordinary Resolution, or to sign a Multiple Series Single Limb Written Resolution or a Multiple Series Two Limb Written Resolution.

- (vi) An "**Extraordinary Resolution**" means any of a Single Series Extraordinary Resolution, a Multiple Series Single Limb Extraordinary Resolution and/or a Multiple Series Two Limb Extraordinary Resolution, as the case may be.
- (vii) A "**Written Resolution**" means any of a Single Series Written Resolution, a Multiple Series Single Limb Written Resolution and/or a Multiple Series Two Limb Written Resolution, as the case may be.
- (viii) Any reference to "**debt securities**" means any notes (including the Notes), bonds, debentures or other debt securities issued by the Issuer in one or more series with an original stated maturity of more than one year.
- (ix) "**Debt Securities Capable of Aggregation**" means those debt securities which include or incorporate by reference this Condition 14 and Condition 14A or provisions substantially in these terms which provide for the debt securities which include such provisions to be capable of being aggregated for voting purposes with other series of debt securities.

(b) ***Modification of this Series of Notes only***

- (i) Any modification of any provision of, or any action in respect of, these Conditions or the Agency Agreement in respect of the Notes may be made or taken if approved by a Single Series Extraordinary Resolution or a Single Series Written Resolution as set out below.
- (ii) A "**Single Series Extraordinary Resolution**" means a resolution passed at a meeting of Noteholders duly convened and held in accordance with the procedures prescribed by the Issuer and the Principal Paying Agent pursuant to paragraph (a) above by a majority of:
  - (A) in the case of a Reserved Matter, at least 75 per cent. of the aggregate principal amount of the outstanding Notes; or
  - (B) in the case of a matter other than a Reserved Matter, more than 50 per cent. of the aggregate principal amount of the outstanding Notes.
- (iii) A "**Single Series Written Resolution**" means a resolution in writing signed or confirmed in writing by or on behalf of the holders of:
  - (A) in the case of a Reserved Matter, at least 75 per cent. of the aggregate principal amount of the outstanding Notes; or
  - (B) in the case of a matter other than a Reserved Matter more than 50 per cent. of the aggregate principal amount of the outstanding Notes.

Any Single Series Written Resolution may be contained in one document or several documents in the same form, each signed or confirmed in writing by or on behalf of one or more Noteholders.

- (iv) Any Single Series Extraordinary Resolution duly passed or Single Series Written Resolution approved shall be binding on all Noteholders, whether or not they attended any meeting, whether or not they voted in favour thereof and whether or not they signed or confirmed in writing any such Single Series Written Resolution, as the case may be, and on all Couponholders.

(c) ***Multiple Series Aggregation – Single limb voting***

- (i) In relation to a proposal that includes a Reserved Matter, any modification to the terms and conditions of, or any action with respect to, two or more series of Debt Securities Capable of Aggregation may be made or taken if approved by a Multiple Series Single Limb Extraordinary Resolution or by a Multiple Series Single Limb Written Resolution as set out below, provided that the Uniformly Applicable condition is satisfied.

- (ii) A "**Multiple Series Single Limb Extraordinary Resolution**" means a resolution considered at separate meetings of the holders of each affected series of Debt Securities Capable of Aggregation, duly convened and held in accordance with the procedures prescribed by the Issuer and the Principal Paying Agent pursuant to paragraph (a) above, as supplemented if necessary, which is passed by a majority of at least 75 per cent. of the aggregate principal amount of the outstanding debt securities of all affected series of Debt Securities Capable of Aggregation (taken in aggregate).
- (iii) A "**Multiple Series Single Limb Written Resolution**" means each resolution in writing (with a separate resolution in writing or multiple separate resolutions in writing distributed to the holders of each affected series of Debt Securities Capable of Aggregation, in accordance with the applicable bond documentation) which, when taken together, has been signed or confirmed in writing by or on behalf of the holders of at least 75 per cent. of the aggregate principal amount of the outstanding debt securities of all affected series of Debt Securities Capable of Aggregation (taken in aggregate). Any Multiple Series Single Limb Written Resolution may be contained in one document or several documents in substantially the same form, each signed or confirmed in writing by or on behalf of one or more Noteholders or one or more holders of each affected series of debt securities.
- (iv) Any Multiple Series Single Limb Extraordinary Resolution duly passed or Multiple Series Single Limb Written Resolution approved shall be binding on all Noteholders and holders of each other affected series of Debt Securities Capable of Aggregation, whether or not they attended any meeting, whether or not they voted in favour thereof, whether or not any other holder or holders of the same series voted in favour thereof and whether or not they signed or confirmed in writing any such Multiple Series Single Limb Written Resolution, as the case may be, and on all Couponholders and couponholders of each other affected series of Debt Securities Capable of Aggregation.
- (v) The "**Uniformly Applicable**" condition will be satisfied if:
  - (A) the holders of all affected series of Debt Securities Capable of Aggregation are invited to exchange, convert, or substitute their debt securities, on the same terms, for (i) the same new instrument or other consideration or (ii) a new instrument, new instruments or other consideration from an identical menu of instruments or other consideration; or
  - (B) the amendments proposed to the terms and conditions of each affected series of Debt Securities Capable of Aggregation would, following implementation of such amendments, result in the amended instruments having identical provisions (other than provisions which are necessarily different, having regard to different currency of issuance).
- (vi) It is understood that a proposal under paragraph (c)(i) above will not be considered to satisfy the Uniformly Applicable condition if each exchanging, converting, substituting or amending holder of each affected series of Debt Securities Capable of Aggregation is not offered the same amount of consideration per amount of principal, the same amount of consideration per amount of interest accrued but unpaid and the same amount of consideration per amount of past due interest, respectively, as that offered to each other exchanging, converting, substituting or amending holder of each affected series of Debt Securities Capable of Aggregation (or, where a menu of instruments or other consideration is offered, each exchanging, converting, substituting or amending holder of each affected series of Debt Securities Capable of Aggregation is not offered the same amount of consideration per amount of principal, the same amount of consideration per amount of interest accrued but unpaid and the same amount of consideration per amount of past due interest, respectively, as that offered to each other exchanging, converting, substituting or amending holder of each affected series

of Debt Securities Capable of Aggregation electing the same option from such menu of instruments).

- (vii) Any modification or action proposed under paragraph (c)(i) above may be made in respect of some series only of the Debt Securities Capable of Aggregation and, for the avoidance of doubt, the provisions described in this paragraph (c) may be used for different groups of two or more series of Debt Securities Capable of Aggregation simultaneously.

(d) ***Multiple Series Aggregation – Two limb voting***

- (i) In relation to a proposal that includes a Reserved Matter, any modification to the terms and conditions of, or any action with respect to, two or more series of Debt Securities Capable of Aggregation may be made or taken if approved by a Multiple Series Two Limb Extraordinary Resolution or by a Multiple Series Two Limb Written Resolution as set out below.

- (ii) A "**Multiple Series Two Limb Extraordinary Resolution**" means a resolution considered at separate meetings of the holders of each affected series of Debt Securities Capable of Aggregation, duly convened and held in accordance with the procedures prescribed by the Issuer and the Principal Paying Agent pursuant to paragraph (a) above, as supplemented if necessary, which is passed by a majority of:

- (A) at least 66⅔ per cent. of the aggregate principal amount of the outstanding debt securities of affected series of Debt Securities Capable of Aggregation (taken in aggregate); and

- (B) more than 50 per cent. of the aggregate principal amount of the outstanding debt securities in each affected series of Debt Securities Capable of Aggregation (taken individually).

- (iii) A "**Multiple Series Two Limb Written Resolution**" means each resolution in writing (with a separate resolution in writing or multiple separate resolutions in writing distributed to the holders of each affected series of Debt Securities Capable of Aggregation, in accordance with the applicable bond documentation) which, when taken together, has been signed or confirmed in writing by or on behalf of the holders of:

- (A) at least 66⅔ per cent. of the aggregate principal amount of the outstanding debt securities of all the affected series of Debt Securities Capable of Aggregation (taken in aggregate); and

- (B) more than 50 per cent. of the aggregate principal amount of the outstanding debt securities in each affected series of Debt Securities Capable of Aggregation (taken individually).

Any Multiple Series Two Limb Written Resolution may be contained in one document or several documents in substantially the same form, each signed or confirmed in writing by or on behalf of one or more Noteholders or one or more holders of each affected series of Debt Securities Capable of Aggregation.

- (iv) Any Multiple Series Two Limb Extraordinary Resolution duly passed or Multiple Series Two Limb Written Resolution approved shall be binding on all Noteholders and holders of each other affected series of Debt Securities Capable of Aggregation, whether or not they attended any meeting, whether or not they voted in favour thereof, whether or not any other holder or holders of the same series voted in favour thereof and whether or not they signed or confirmed in writing any such Multiple Series Two Limb Written Resolution, as the case may be, and on all Couponholders and couponholders of each other affected series of Debt Securities Capable of Aggregation.

- (v) Any modification or action proposed under paragraph (d)(i) above may be made in respect of some series only of the Debt Securities Capable of Aggregation and, for the avoidance of



doubt, the provisions described in this paragraph (d) may be used for different groups of two or more series of Debt Securities Capable of Aggregation simultaneously.

(e) **Reserved Matters**

In these Conditions, "**Reserved Matter**" means any proposal:

- (i) to change the date, or the method of determining the date, for payment of principal, interest or any other amount in respect of the Notes, to reduce or cancel the amount of principal, interest or any other amount payable on any date in respect of the Notes or to change the method of calculating the amount of principal, interest or any other amount payable in respect of the Notes on any date;
- (ii) to change the currency in which any amount due in respect of the Notes is payable or the place in which any payment is to be made;
- (iii) to change the majority required to pass an Extraordinary Resolution, a Written Resolution or any other resolution of Noteholders or the number or percentage of votes required to be cast, or the number or percentage of Notes required to be held, in connection with the taking of any decision or action by or on behalf of the Noteholders or any of them;
- (iv) to change this definition, or the definition of "Extraordinary Resolution", "Single Series Extraordinary Resolution", "Multiple Series Single Limb Extraordinary Resolution", "Multiple Series Two Limb Extraordinary Resolution", "Written Resolution", "Single Series Written Resolution", "Multiple Series Single Limb Written Resolution" or "Multiple Series Two Limb Written Resolution";
- (v) to change the definition of "debt securities" or "Debt Securities Capable of Aggregation";
- (vi) to change the definition of "Uniformly Applicable";
- (vii) to change the definition of "outstanding";
- (viii) to change the legal ranking of the Notes;
- (ix) to change any provision of the Notes describing circumstances in which Notes may be declared due and payable prior to their scheduled maturity date, set out in Condition 9 if any;
- (x) to change the law governing the Notes, the courts to the jurisdiction of which the Issuer has submitted in the Notes, any of the arrangements specified in the Notes to enable proceedings to be taken or the Issuer's waiver of immunity, in respect of actions or proceedings brought by any Noteholder, set out in Condition 16;
- (xi) to impose any condition on or otherwise change the Issuer's obligation to make payments of principal, interest or any other amount in respect of the Notes, including by way of the addition of a call option;
- (xii) to modify the provisions of this paragraph (e);
- (xiii) except as permitted by any related guarantee or security agreement, to release any agreement guaranteeing or securing payments under the Notes or to change the terms of any such guarantee or security;
- (xiv) to exchange or substitute all the Notes for, or convert all the Notes into, other obligations or securities of the Issuer or any other person, or to modify any provision of these Conditions in connection with any exchange or substitution of the Notes for, or the conversion of the Notes into, any other obligations or securities of the Issuer or any other person, which would result in the Conditions as so modified being less favourable to the Noteholders which are subject to the Conditions as so modified than:
  - (A) the provisions of the other obligations or debt securities of the Issuer or any other person resulting from the relevant exchange or substitution or conversion; or

- (B) if more than one series of other obligations or debt securities results from the relevant exchange or substitution or conversion, the provisions of the resulting series of debt securities having the largest aggregate principal amount.

(f) ***Information***

Prior to or on the date that the Issuer proposes any Extraordinary Resolution or Written Resolution pursuant to paragraph (b), paragraph (c) or paragraph (d) above, the Issuer shall publish in accordance with Condition 14A, and provide the Principal Paying Agent with the following information:

- (i) a description of the Issuer's economic and financial circumstances which are, in the Issuer's opinion, relevant to the request for any potential modification or action, a description of the Issuer's existing debts and a description of its broad policy reform programme and provisional macroeconomic outlook;
- (ii) if the Issuer shall at the time have entered into an arrangement for financial assistance with multilateral and/or other major creditors or creditor groups and/or an agreement with any such creditors regarding debt relief, a description of any such arrangement or agreement. Where permitted under the information disclosure policies of the multilateral or such other creditors, as applicable, copies of the arrangement or agreement shall be provided;
- (iii) a description of the Issuer's proposed treatment of external debt securities that fall outside the scope of any multiple series aggregation and its intentions with respect to any other debt securities and its other major creditor groups; and
- (iv) if any proposed modification or action contemplates debt securities being aggregated in more than one group of debt securities, a description of the proposed treatment of each such group, as required for a notice convening a meeting of the Noteholders in paragraph (a)(iv)(G) above.

(g) ***Claims Valuation***

For the purpose of calculating the par value of the Notes and any affected series of debt securities which are to be aggregated with the Notes in accordance with paragraph (c) and paragraph (d) above, the Issuer may appoint a Calculation Agent. The Issuer shall, with the approval of the Aggregation Agent and any appointed Calculation Agent, promulgate the methodology in accordance with which the par value of the Notes and such affected series of debt securities will be calculated. In any such case where a Calculation Agent is appointed, the same person will be appointed as the Calculation Agent for the Notes and each other affected series of debt securities for these purposes, and the same methodology will be promulgated for each affected series of debt securities.

(h) ***Manifest error, etc.***

The Notes, these Conditions and the provisions of the Agency Agreement may be amended without the consent of the Noteholders or the Couponholders to correct a manifest error. In addition, the parties to the Agency Agreement may agree to modify any provision thereof, but the Issuer shall not agree, without the consent of the Noteholders, to any such modification unless it is of a formal, minor or technical nature, is to comply with mandatory provisions of the laws of the State of Israel or it is not materially prejudicial to the interests of the Noteholders.

(i) ***Notes controlled by the Issuer***

In advance of any meeting of Noteholders, or in connection with any Written Resolution, the Issuer shall provide to the Principal Paying Agent a copy of the certificate prepared pursuant to paragraph (d) of Condition 14A, which includes information on the total number of Notes which are for the time being held by any person (including but not limited to the Issuer) for the benefit of the Issuer and, as such, such Notes shall be disregarded and deemed not to remain outstanding for the purposes of ascertaining the right to attend and vote at any meeting of Noteholders or the right to sign, or authorise the signature of, any Written Resolution in respect of any such meeting. The Principal Paying Agent shall make any such certificate available for inspection during normal business hours at its Specified Office and, upon reasonable request, will allow copies of such certificate to be taken.

(j) **Publication**

All Extraordinary Resolutions and Written Resolutions which have been determined by the Aggregation Agent to have been duly passed shall be published in accordance with the provisions of the Agency Agreement.

(k) **Exchange and Conversion**

Any Extraordinary Resolutions or Written Resolutions which have been duly passed and which modify any provision of, or action in respect of, the Conditions may be implemented at the Issuer's option by way of a mandatory exchange or conversion of the Notes and each other affected series of debt securities, as the case may be, into new debt securities containing the modified terms and conditions if the proposed mandatory exchange or conversion of the Notes is notified to Noteholders at the time notification is given to the Noteholders as to the proposed modification or action. Any such exchange or conversion shall be binding on all Noteholders and Couponholders.

(l) **Written Resolutions and Electronic Consents**

A Written Resolution may be contained in one document or in several documents in like form, each signed by or on behalf of one or more of the Noteholders. For so long as any Notes are in the form of a Global Note held on behalf of one or more of Euroclear, Clearstream, Luxembourg or any other clearing system (the "**relevant clearing system(s)**"), then:

(i) Approval of a resolution proposed by the Issuer given by way of electronic consent communicated through the electronic communications systems of the relevant clearing system(s) in accordance with their operating rules and procedures (i) by or on behalf of all Noteholders who for the time being are entitled to receive notice of a meeting of Noteholders or (ii) (where such holders have been given at least 21 days' notice of such resolution) by or on behalf of:

(A) in respect of a proposal that falls within paragraphs (b)(ii) and (b)(iii) above, the persons holding at least 75 per cent. of the aggregate principal amount of the outstanding Notes in the case of a Reserved Matter or more than 50 per cent. of the aggregate principal amount of the outstanding Notes, in the case of a matter other than a Reserved Matter;

(B) in respect of a proposal that falls within paragraphs (c)(ii) and (c)(iii) above, the persons holding at least 75 per cent. of the aggregate principal amount of the outstanding debt securities of all affected series of Debt Securities Capable of Aggregation (taken in aggregate);

(C) in respect of a proposal that falls within paragraphs (d)(ii) and (d)(iii) above, (x) the persons holding at least 66⅔ per cent. of the aggregate principal amount of the outstanding debt securities of all affected series of Debt Securities Capable of Aggregation (taken in aggregate); and (y) the persons holding more than 50 per cent. of the aggregate principal amount of the outstanding debt securities in each affected series of Debt Securities Capable of Aggregation (taken individually),

(in the case of paragraphs (A) and (B) above, each an "**Electronic Consent**") shall, for all purposes (including Reserved Matters) take effect as (i) a Single Series Extraordinary Resolution (in the case of paragraph (A) above), (ii) a Multiple Series Single Limb Extraordinary Resolution (in the case of paragraph (B) above) or (iii) a Multiple Series Two Limb Extraordinary Resolution (in the case of paragraph (C) above), as applicable.

The notice given to Noteholders shall specify, in sufficient detail to enable Noteholders to give their consents in relation to the proposed resolution, the method by which their consents may be given (including, where applicable, blocking of their accounts in the relevant clearing system(s)) and the time and date (the "**Relevant Date**") by which they must be received in

order for such consents to be validly given, in each case subject to and in accordance with the operating rules and procedures of the relevant clearing system(s).

If, on the Relevant Date on which the consents in respect of an Electronic Consent are first counted, such consents do not represent the required proportion for approval, the resolution shall, if the party proposing such resolution (the "**Proposer**") so determines, be deemed to be defeated. Alternatively, the Proposer may give a further notice to Noteholders that the resolution will be proposed again on such date and for such period as shall be agreed with the Issuer (unless the Issuer is the Proposer). Such notice must inform Noteholders that insufficient consents were received in relation to the original resolution and the information specified in the previous paragraph. For the purpose of such further notice, references to "**Relevant Date**" shall be construed accordingly.

For the avoidance of doubt, an Electronic Consent may only be used in relation to a resolution proposed by the Issuer which is not then the subject of a meeting that has been validly convened above, unless that meeting is or shall be cancelled or dissolved.

- (ii) Where Electronic Consent has not been sought, for the purposes of determining whether a Written Resolution has been validly passed, the Issuer shall be entitled to rely on consent or instructions given in writing directly to the Issuer (a) by accountholders in the relevant clearing system(s) with entitlements to any Global Note and/or (b) where the accountholders hold any such entitlement on behalf of another person, on written consent from or written instruction by the person identified by that accountholder as the person for whom such entitlement is held. For the purpose of establishing the entitlement to give any such consent or instruction, the Issuer shall be entitled to rely on any certificate or other document issued by, in the case of (a) above, the relevant clearing system(s) and, in the case of (b) above, the relevant clearing system(s) and the accountholder identified by the relevant clearing system(s). Any such certificate or other document (i) shall be conclusive and binding for all purposes and (ii) may comprise any form of statement or print out of electronic records provided by the relevant clearing system (including Euroclear's EUCLID or Clearstream, Luxembourg's CreationOnline system) in accordance with its usual procedures and in which the accountholder of a particular principal or nominal amount of the Notes is clearly identified together with the amount of such holding. The Issuer shall not be liable to any person by reason of having accepted as valid or not having rejected any certificate or other document to such effect purporting to be issued by any such person and subsequently found to be forged or not authentic.

All information to be provided pursuant to paragraph (a)(iv) above shall also be provided, *mutatis mutandis*, in respect of Written Resolutions and Electronic Consents.

A Written Resolution and/or Electronic Consent (i) shall take effect as an Extraordinary Resolution and (ii) will be binding on all Noteholders and holders of Coupons and Talons, whether or not they participated in such Written Resolution and/or Electronic Consent, even if the relevant consent or instruction proves to be defective.

#### **14A. Aggregation Agent; Aggregation Procedures**

(a) ***Appointment***

The Issuer will appoint an aggregation agent ("**Aggregation Agent**") to calculate whether a proposed modification or action has been approved by the required principal amount outstanding of Notes, and, in the case of a multiple series aggregation, by the required principal amount of outstanding debt securities of each affected series of debt securities. In the case of a multiple series aggregation, the same person will be appointed as the Aggregation Agent for the proposed modification of any provision of, or any action in respect of, these Conditions or the Agency Agreement in respect of the Notes and in respect of the terms and conditions or bond documentation in respect of each other affected series of debt securities. The Aggregation Agent shall be independent of the Issuer.

(b) ***Extraordinary Resolutions***

If an Extraordinary Resolution has been proposed at a duly convened meeting of Noteholders to modify any provision of, or action in respect of, these Conditions and other affected series of debt securities, as the case may be, the Aggregation Agent will, as soon as practicable after the time the vote is cast, calculate whether holders of a sufficient portion of the aggregate principal amount of the outstanding Notes and, where relevant, each other affected series of debt securities, have voted in favour of the Extraordinary Resolution such that the Extraordinary Resolution is passed. If so, the Aggregation Agent will determine that the Extraordinary Resolution has been duly passed.

(c) ***Written Resolutions***

If a Written Resolution has been proposed under the terms of these Conditions to modify any provision of, or action in respect of, these Conditions and the terms and conditions of other affected series of debt securities, as the case may be, the Aggregation Agent will, as soon as reasonably practicable after the relevant Written Resolution has been signed or confirmed in writing, calculate whether holders of a sufficient portion of the aggregate principal amount of the outstanding Notes and, where relevant, each other affected series of debt securities, have signed or confirmed in writing in favour of the Written Resolution such that the Written Resolution is passed. If so, the Aggregation Agent will determine that the Written Resolution has been duly passed.

(d) ***Certificate***

For the purposes of paragraph (b) and paragraph (c) above, the Issuer will provide a certificate to the Aggregation Agent up to three days prior to, and in any case no later than, with respect to an Extraordinary Resolution, the date of the meeting referred to in Condition 14(b), 14(c) or 14(d), as applicable, and, with respect to a Written Resolution, the date arranged for the signing of the Written Resolution.

The certificate shall:

- (i) list the total principal amount of Notes and, in the case of a multiple series aggregation, the total principal amount of each other affected series of debt securities outstanding on the record date; and
- (ii) clearly indicate the Notes and, in the case of a multiple series aggregation, debt securities of each other affected series of debt securities which shall be disregarded and deemed not to remain outstanding on the record date identifying the holders of the Notes and, in the case of a multiple series aggregation, debt securities of each other affected series of debt securities.

The Aggregation Agent may rely upon the terms of any certificate, notice, communication or other document believed by it to be genuine.

(e) ***Notification***

The Aggregation Agent will cause each determination made by it for the purposes of this Condition 14A to be notified to the Principal Paying Agent and the Issuer as soon as practicable after such determination. Notice thereof shall also promptly be given to the Noteholders.

(f) ***Binding nature of determinations; no liability***

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 14A by the Aggregation Agent and any appointed Calculation Agent will (in the absence of manifest error) be binding on the Issuer, the Principal Paying Agent, the Noteholders and the Couponholders and (subject as aforesaid) no liability to any such person will attach to the Aggregation Agent or the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.

## **15. Further Issues**

The Issuer shall be at liberty from time to time without the consent of the Noteholders or Couponholders to create and issue further notes having terms and conditions the same as the Notes or the same in all respects save for the amount and date of the first payment of interest thereon and so that the same shall be consolidated and form a single Series with the outstanding Notes.

## **16. Governing Law and Submission to Jurisdiction**

- (a) The Agency Agreement, the Deed of Covenant, the Notes and the Coupons and all non-contractual obligations arising therefrom are governed by English law.
- (b) The Issuer agrees, for the exclusive benefit of the Paying Agents, the Noteholders and the Couponholders that the courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Agency Agreement, the Notes and/or the Coupons (including a dispute relating to their existence, validity or termination or any non-contractual obligation arising out of or in connection with them) or the consequence of their nullity and that accordingly any suit, action or proceedings (together referred to as "**Proceedings**") arising out of or in connection with the Agency Agreement, the Notes and/or the Coupons and any non-contractual obligation arising out of or in connection with them may be brought in such courts.

The Issuer hereby irrevocably waives any objection which it may have now or hereafter to the laying of the venue of any such Proceedings in any such court and any claim that any such Proceedings have been brought in an inconvenient forum and hereby further irrevocably agrees that a judgment in any such Proceedings brought in the English courts shall be conclusive and binding upon it and may be enforced in the courts of any other jurisdiction.

Nothing contained in this Condition shall limit any right to take Proceedings against the Issuer in any other court of competent jurisdiction, nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction, whether concurrently or not.

The Issuer appoints the Embassy of Israel in the United Kingdom whose address is 2 Palace Green, London W8 4QB as its agent for service of process, (with a copy to the Ministry of Finance, Accountant General's Office, 1 Kaplan Street/Hakiria, POB13185, Jerusalem 91131, Israel) and undertakes that, in the event of such person ceasing so to act or ceasing to be effectively appointed to accept service of process on the Issuer's behalf, it will appoint another person as its agent for service of process in England in respect of any Proceedings.

Nothing herein shall affect the right to serve proceedings in any other manner permitted by law. The Issuer hereby irrevocably and unconditionally agrees not to claim with respect to the Agency Agreement, the Notes and/or the Coupons any right to sovereign or other immunity from jurisdiction or execution and any similar defence and irrevocably and unconditionally consents to the giving of any relief or the issue of any process, including without limitation, the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment made or given in connection with any proceedings.

Notwithstanding the foregoing, under the laws of State of Israel, the funds, assets, rights and general property of the Issuer located in State of Israel are immune from execution and attachment and any process in the nature thereof and the foregoing waiver shall not constitute a waiver of such immunity or of any immunity from execution or attachment or process in the nature thereof with respect to the premises of the Issuer's diplomatic missions in any jurisdiction outside State of Israel or with respect to the assets of the Issuer necessary for the proper functioning of the Issuer as a sovereign power.

## **17. Third Party Rights**

No person shall have any right under the Contract (Rights of Third Parties) Act 1999 to enforce any term or condition of the Notes, but this does not affect any right or remedy of any person which exists or is available apart from under that Act.

## **USE OF PROCEEDS**

The net proceeds from each issue of Notes will be used for the general financing purposes of the Issuer. If, in respect of any particular issue, there is a particular identified use of proceeds, this will be stated in the applicable Final Terms.

## SUBSCRIPTION AND SALE

The Dealers have, in an Amendment and Restatement Agreement (Programme Agreement) dated 17 July 2019 (as amended and restated or supplemented from time to time, the "**Programme Agreement**"), agreed with the Issuer a basis upon which they or any of them may from time to time agree to purchase Notes. Any such agreement will extend to those matters stated under "*Form of the Notes*" and "*Terms and Conditions of the PD Notes*" above. In the Programme Agreement, the Issuer has agreed to reimburse the Dealers for certain of their expenses in connection with the establishment of the Programme and the issue of Notes under the Programme.

In the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer. Certain of the Dealers or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes issued under the Programme. Any such short positions could adversely affect future trading prices of Notes issued under the Programme. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

### United States

The Notes have not been and will not be registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States and are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to U.S. persons. Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will not offer, sell or deliver any Notes within the United States or to U.S. persons except as permitted by the Programme Agreement.

In addition, until 40 days after the commencement of the offering, an offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

The Notes in bearer form are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code and regulations thereunder.

### Public Offer Selling Restriction under the Prospectus Directive

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State it has not made and will not make an offer of Notes which have a minimum denomination of less than €100,000 (or equivalent in another currency) except that it may make an offer of such Notes at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive.

For the purposes of this provision, the expression "**Prospectus Directive**" means Directive 2003/71/EC (as amended or superseded), and includes any relevant implementing measure in the Relevant Member State.

### United Kingdom

Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that:

- (a) **No deposit-taking**: in relation to any Notes having a maturity of less than one year:



- (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business; and
- (ii) it has not offered or sold and will not offer or sell any Notes other than to persons:
  - (A) whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses; or
  - (B) who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses,

where the issue of the Notes would otherwise constitute a contravention of section 19 of the FSMA by the Issuer; and

- (b) **General compliance:** it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

### **The Netherlands**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not make an offer of Notes which are the subject of the offering contemplated by the Base Prospectus as completed by the Final Terms in relation thereto to the public in The Netherlands in reliance on Article 3(2) of the Prospectus Directive unless such offer is made in accordance with the Dutch Financial Supervision Act (*Wet op het financieel toezicht*), and **provided that** no such offer of Notes shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

Zero Coupon Notes in definitive bearer form and other Notes in definitive bearer form on which interest does not become due and payable during their term but only at maturity (savings certificates or spaarbewijzen as defined in the Dutch Savings Certificates Act (*Wet inzake spaarbewijzen*; the "SCA")) may only be transferred and accepted, directly or indirectly, within, from or into the Netherlands through the mediation of either the Issuer or a member of Euronext Amsterdam N.V. with due observance of the provisions of the SCA and its implementing regulations (which include registration requirements). No such mediation is required, however, in respect of (i) the initial issue of such Notes to the first holders thereof, (ii) the transfer and acceptance by individuals who do not act in the conduct of a profession or business, and (iii) the issue and trading of such Notes if they are physically issued outside the Netherlands and are not distributed in the Netherlands in the course of primary trading or immediately thereafter.

In the event that the Dutch Savings Certificates Act applies, certain identification requirements in relation to the issue and transfer of, and payments on, Zero Coupon Notes have to be complied with and, in addition thereto, if such Zero Coupon Notes in definitive form do not qualify as commercial paper traded between professional borrowers and lenders within the meaning of the agreement of 2 February 1987, attached to the Royal Decree of 11 March 1987, (*Staatsblad 129*) (as amended), each transfer and acceptance should be recorded in a transaction note, including the name and address of each party to the transaction, the nature of the transaction and the details and serial numbers of such notes.

For the purposes of this provision, the expressions "**offer of Notes to the public**" in relation to any Notes in The Netherlands, "**Prospectus Directive**" have the meanings given to them above in the paragraph headed with "*Public Offer Selling Restriction under the Prospectus Directive*".

### **Japan**

The Notes have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948, as amended; the "FIEA") and each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)), or to others for reoffering or resale, directly or indirectly, in Japan, except pursuant to an exemption from the

registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

### **People's Republic of China**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that Notes are not being offered or sold and will not be offered or sold directly or indirectly within the People's Republic of China (for such purposes, not including Hong Kong and Macau Special Administrative Regions or Taiwan) (the "**PRC**"). The Base Prospectus or any information contained or incorporated by reference herein does not constitute an offer to sell or the solicitation of an offer to buy any securities in the PRC. The Base Prospectus, any information contained herein or the Notes have not been, and will not be, submitted to, approved by, verified by or registered with any relevant governmental authorities in the PRC and thus may not be supplied to the public in the PRC or used in connection with any offer for the subscription or sale of the Notes in the PRC.

The Notes may only be purchased in the PRC by investors that are authorised to engage in the investment in the Notes of the type being offered or sold. Investors are responsible for obtaining all relevant governmental approvals, verifications, licences or registrations (if any) from all relevant PRC governmental authorities, including, but not limited to, the State Administration of Foreign Exchange, the China Securities Regulatory Commission, the China Banking Regulatory Commission, and other relevant regulatory bodies, and complying with all relevant PRC regulations, including, but not limited to, any relevant foreign exchange regulations and/or overseas investment regulations.

### **Hong Kong**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that (i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes, except for Notes which are a "structured product" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong ("**SFO**"), other than (a) to "professional investors" as defined in the SFO and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and (ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under that Ordinance.

### **Singapore**

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that this Base Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore (the "**MAS**"). Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold any Notes or caused any Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause any Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Base Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of any Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289 of Singapore) (the "**SFA**")) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

- (i) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (ii) where no consideration is or will be given for the transfer;
- (iii) where the transfer is by operation of law;
- (iv) as specified in Section 276(7) of the SFA; or
- (v) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

*Notification under Section 309B(1)(c) of the SFA* – Unless otherwise stated in the Final Terms, all Notes issued or to be issued under the Programme shall be prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore) and Excluded Investment Products (as defined in MAS Notice SFA 04 N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

### **Belgium**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that an offering of Notes may not be advertised to any individual in Belgium qualifying as a consumer within the meaning of Article I.1 of the Belgian Code of Economic Law, as amended from time to time (a "**Belgian Consumer**") and that it has not offered, sold or resold, transferred or delivered, and will not offer, sell, resell, transfer or deliver, the Notes, and that it has not distributed, and will not distribute, any prospectus, memorandum, information circular, brochure or any similar documents in relation to the Notes, directly or indirectly, to any Belgian Consumer.

### **General**

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes the Base Prospectus and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the Issuer nor any other Dealer shall have any responsibility therefor.

Neither the Issuer nor any of the Dealers represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

With regard to each Tranche of Notes which is the subject of a Drawdown Prospectus, the relevant Dealer(s) will be required to comply with such other additional restrictions as the Issuer and the relevant Dealer(s) shall agree and as shall be set out in the applicable Drawdown Prospectus.

## GENERAL INFORMATION

### Authorisation

The update of the Programme and the issue of Notes thereunder have been duly determined by the Government of State of Israel on behalf of State of Israel acting through officials of the Ministry of Finance authorised under the State Property Law 5711/1951 of State of Israel.

### Taxation

Interest paid on the Notes to non-residents of Israel as well as capital gains made by them on a sale of Notes will not be subject to Israeli taxation, whether by withholding or otherwise.

### Listing of Notes

The admission of Notes to the Official List of the FCA will be expressed as a percentage of their nominal amount (excluding accrued interest). It is expected that each Tranche of Notes which is to be admitted to the Official List of the FCA and to trading on the London Stock Exchange's Regulated Market will be admitted separately as and when issued, subject only to the issue of a temporary global Note initially representing the Notes of such Tranche. Application has been made to the FCA for Notes issued under the Programme to be admitted to the Official List and to the London Stock Exchange for such Notes to be admitted to trading on the London Stock Exchange's Regulated Market. The listing of the Programme in respect of Notes issued during the period of 12 months from the date of the Base Prospectus is expected to be granted on or about 17 July 2019.

### Governmental, Legal and Arbitration Proceedings

There are no, and have not been any, governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) during the 12 months before the date of the Base Prospectus which may have, or have had in the recent past, significant effects on the financial position of the Issuer.

### No Significant Change

There has been no significant change in relation to public finance and trade, the tax and budgetary systems, the gross public debt, the foreign trade and balance of payment figures, the foreign exchange reserves, the financial position and resources and the income and expenditure figures of the Issuer since the fiscal year ended 31 December 2018.

### Documents Available

For the period of 12 months following the date of the Base Prospectus, copies of the following documents will, when published, be available from the office of the Issuer referred to at the back of the Base Prospectus and from the specified office of the Principal Paying Agent in London:

- (i) the Agency Agreement, the Deed of Covenant and the forms of the Temporary Global Notes, the Permanent Global Notes, the Definitive Notes, the Coupons and the Talons;
- (ii) the Base Prospectus (including the Offering Circular);
- (iii) any future offering circulars, prospectuses, drawdown prospectuses, information memoranda and supplements including Final Terms to the Base Prospectus and any other documents incorporated herein or therein by reference;
- (iv) the budget for the last two fiscal years and for the current fiscal year; and
- (v) all reports, letters and other documents, valuations and statements prepared by any expert at the Issuer's request any part of which is included or referred to in the Base Prospectus.

Electronic copies of (1) the documents incorporated by reference herein and (2) each Final Terms for Notes which are being listed will be available for inspection on the website of the Regulatory News Service operated by the London Stock Exchange at [www.londonstockexchange.com/exchange/news/marketnews/market-news-home.html](http://www.londonstockexchange.com/exchange/news/marketnews/market-news-home.html).

## **Auditing or Independent Review Procedures on the Accounts of the Issuer**

The review carried out on the Issuer's budget is a procedural review; all government expenditures are controlled by the signatories in the ministries and by comptrollers who are the representatives of the Accountant General division at the Ministry of Finance, sitting in the various ministries.

The supervision and control mechanism is in accordance with the State Property Law.

The Accountant General groups the reports from the different ministries into one annual report of the Accountant General. This report is submitted to the State Controller in accordance with the State Controller law.

## **Clearing Systems**

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg (which are the entities in charge of keeping the records). Each Tranche of Notes will be allocated an International Securities Identification Number (ISIN) and Common Code, which will be specified in the applicable Final Terms. Notes issued in Series comprising more than one Tranche may be assigned a temporary ISIN and Common Code on issue. Transactions will normally be effected for settlement not earlier than three business days after the date of the transaction.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels and the address of Clearstream, Luxembourg is Clearstream Banking SA, 42 Avenue JF Kennedy, L-1855 Luxembourg.

As of the date of the Base Prospectus, no arrangements have been made for Renminbi Notes to be cleared through the Central Moneymarkets Unit (CMU).

## **Proposed Financial Transactions Tax ("FTT")**

On 14 February 2013, the European Commission published a proposal (the "**Commission's Proposal**") for a Directive for a common FTT in Belgium, Germany, Greece, Spain, France, Italy, Austria, Portugal, Slovenia, Slovakia (the "**participating Member States**") and Estonia. Estonia has since stated that it will not participate.

The Commission's Proposal has very broad scope. If introduced, it could apply to certain dealings in Notes (including secondary market transactions) in certain circumstances. Primary market transactions referred to in Article 5(c) of Regulation (EC) No 1287/2006 are expected to be exempt.

Under the Commission's Proposal, the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

The FTT proposal remains subject to negotiation between the participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

Prospective holders of Notes are advised to seek their own professional advice in relation to the FTT.

## **Floating Rate Notes**

Floating Rate Notes will bear interest at a rate determined either:

- (i) on the same basis as the floating rate under a notional interest-rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2000 ISDA Definitions (as amended and updated as at the date of issue of the first Tranche of the Notes of the relevant Series as published by the International Swaps and Derivatives Association, Inc.) or the 2006 ISDA Definitions (as amended and updated as at the date of issue of the first Tranche of the Notes of the relevant Series as published by the International Swaps and Derivatives Association, Inc.); or
- (ii) by reference to EURIBOR or LIBOR.

EURIBOR is the interest rate benchmark known as the Eurozone interbank offered rate which is calculated and published by a designated distributor (currently Thomson Reuters) in accordance with the requirements from time to time of the European Banking Federation.

LIBOR is the interest rate benchmark known as the London interbank offered rate which is calculated and published by a designated distributor (currently Thomson Reuters) in accordance with the requirements from time to time of ICE Benchmark Administration Limited (or any other person which takes over administration of that rate).

Details of historic EURIBOR and LIBOR rates, and the further performance of such reference rate and its volatility, can be obtained from <http://www.emmi-benchmarks.eu/euribor-org/euribor-rates.html> and from <https://www.theice.com/marketdata/reports/170> respectively.

### **Issue Price and Yield**

Notes may be issued at any price. The issue price of each Tranche of Notes to be issued under the Programme will be determined by the Issuer and the relevant Dealer(s) at the time of issue in accordance with prevailing market conditions and the issue price of the relevant Notes or the method of determining the price and the process for its disclosure will be set out in the applicable Final Terms. In the case of different Tranches of a Series of Notes, the issue price may include accrued interest in respect of the period from the interest commencement date of the relevant Tranche (which may be the issue date of the first Tranche of the Series or, if interest payment dates have already passed, the most recent interest payment date in respect of the Series) to the issue date of the relevant Tranche.

The yield of each Tranche of Notes will be calculated by interpolation on an annual or semi-annual basis using the relevant issue price at the relevant issue date, using the formula below, and will be specified in the applicable Final Terms. It is not an indication of future yield.

$$P = \frac{C}{r}(1 - (1 + r)^{-n}) + A(1 + r)^{-n}$$

Where:

"P" is the Issue Price of the Notes; "C" is the annualised Interest Amount;

"A" is the principal amount of the Notes due on redemption; "n" is the time to maturity in years; and

"r" is the annualised yield.

### **Regulation S**

Issuances of Notes under the Programme are expected to be Category 1 issuances for the purposes of Regulation S under the Securities Act.

**THE ISSUER**

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## OFFERING CIRCULAR

Pages 78 to 132 (inclusive) of this document comprise an offering circular (the "**Offering Circular**"). The Offering Circular has been prepared by the Issuer in connection with the issuance of notes under the Programme in circumstances where no prospectus is required to be published under the Prospectus Directive (the "**Non PD Notes**"). The Offering Circular has not been reviewed or approved by the FCA and does not constitute a prospectus for the purpose of the Prospectus Directive.

The Offering Circular is to be read in conjunction with the following sections of the Base Prospectus, which shall be deemed to be incorporated by reference herein:

- Credit Ratings
- Definitions
- Information Incorporated by Reference
- Risk Factors
- Form of the Notes
- Use of Proceeds
- Subscription and Sale
- General Information

Terms defined in the Base Prospectus shall have the same meaning when used in the Offering Circular **provided that** the sections of the Base Prospectus incorporated by reference herein shall be amended as follows for the purposes of the Offering Circular:

1. All references to the "Base Prospectus" shall be deemed to be references to the Offering Circular.
2. All references to the "Notes" shall be deemed to be references to the Non PD Notes.
3. All references to the "conditions of the Notes" shall be deemed to be references to the "*Terms and Conditions of the Non PD Notes*" set out herein.
4. All references to the "Final Terms" shall be deemed to be references to the Pricing Supplement (as defined herein) and each reference to information being specified or identified in the applicable Final Terms shall be deemed to be a reference to such information being specified or identified in the applicable Pricing Supplement unless the context requires otherwise.
5. All references to the Notes being "listed" (and all related references) shall (i) in the case of Non PD Notes which have been (or will upon issue be) admitted to trading on a market or stock exchange (in circumstances where the provisions of the Prospectus Directive do not apply), be construed in the context of such admission to trading on a market or stock exchange or (ii) be disregarded in the case of unlisted Non PD Notes.

## **IMPORTANT NOTICES**

### ***Responsibility for the Offering Circular***

The Issuer accepts responsibility for the information contained in the Offering Circular. To the best of the knowledge and belief of the Issuer (which has taken all reasonable care to ensure that such is the case) the information contained in the Offering Circular is in accordance with the facts and does not omit anything likely to affect the import of such information.

### ***Other relevant information***

The Dealers have not separately verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Dealers as to the accuracy or completeness of the information contained in the Offering Circular or any other information provided by the Issuer in connection with the Programme or any Non PD Notes.

The Offering Circular is to be read in conjunction with all information which is deemed to be incorporated herein by reference and construed on the basis that such information is incorporated in and forms part of the Offering Circular and must be read and construed together with the applicable Pricing Supplement.

### ***Unauthorised information***

No person is or has been authorised to give any information or to make any representation not contained in or not consistent with the Offering Circular or any other information provided by the Issuer in connection with the Programme or any Non PD Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or any of the Dealers.

Neither the Offering Circular nor any other information supplied in connection with the Programme or any Non PD Notes (i) is intended to provide the basis of any credit or other evaluation or (ii) should be considered as a recommendation or constituting an invitation or offer by the Issuer or any of the Dealers that any recipient of the Offering Circular or any other information supplied in connection with the Programme or any Non PD Notes should purchase any Non PD Notes. Each Investor contemplating purchasing Non PD Notes should make its own independent investigation of the affairs, and its own appraisal of the creditworthiness, of the Issuer. Neither the Offering Circular nor any other information supplied in connection with the Programme or any Non PD Notes constitutes an offer by or on behalf of the Issuer or any of the Dealers to any person to subscribe for or to purchase any Non PD Notes.

### ***Restrictions on distribution***

The delivery of the Offering Circular does not at any time imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. The Dealers expressly do not undertake to review the financial condition or affairs of the Issuer during the life of the Programme.

The distribution of the Offering Circular and the offer or sale of Non PD Notes may be restricted by law in certain jurisdictions. The Issuer and the Dealers do not represent that this document may be lawfully distributed, or that any Non PD Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, unless specifically indicated to the contrary in the applicable Pricing Supplement, no action has been taken by the Issuer or the Dealers which is intended to permit a public offering of any Non PD Notes outside the EEA or distribution of this document in any jurisdiction where action for that purpose is required. Accordingly, no Non PD Notes may be offered or sold, directly or indirectly, and neither the Offering Circular nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations, and the Dealers have represented that all offers and sales by them will be made on the same terms. Persons into whose possession the Offering Circular or any Non PD Notes come must inform themselves about, and observe, any such restrictions. In particular, there are restrictions on the distribution of the Offering Circular and the offer or sale of Non PD Notes in the United States, the

European Economic Area (including the United Kingdom and The Netherlands), Japan, the People's Republic of China, Hong Kong and Singapore (see "*Subscription and Sale*" in the Base Prospectus).

The Non PD Notes have not been and will not be registered under the United States Securities Act 1933, as amended (the "**Securities Act**") and are subject to U.S. tax law requirements. Subject to certain exceptions, Non PD Notes may not be offered, sold or delivered within the United States or to U.S. persons (see "*Subscription and Sale*" in the Base Prospectus).

### ***Investment considerations***

Each potential Investor in the Non PD Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential Investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Non PD Notes, the merits and risks of investing in the Non PD Notes and the information contained or incorporated by reference in the Offering Circular or any applicable supplement;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Non PD Notes and the impact the Non PD Notes will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Non PD Notes, including Non PD Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential Investor's currency;
- (iv) understand thoroughly the terms of the Non PD Notes and be familiar with the behaviour of any relevant financial markets; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Non PD Notes are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in Non PD Notes which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Non PD Notes will perform under changing conditions, the resulting effects on the value of the Non PD Notes and the impact this investment will have on the potential Investor's overall investment portfolio.

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential Investor should consult its legal advisers to determine whether and to what extent (1) Non PD Notes are legal investments for it, (2) Non PD Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Non PD Notes. Financial institutions should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of Non PD Notes under any applicable risk-based capital or similar rules.

### ***Pricing Supplement***

Details of the aggregate nominal amount of Non PD Notes, interest (if any) payable in respect of Non PD Notes, the issue price of Non PD Notes and any other terms not contained herein which are applicable to each Tranche of Non PD Notes will be set forth in a pricing supplement (the "**Pricing Supplement**").

Any information relating to the Non PD Notes which is not included in the Offering Circular and which is required in order to complete the necessary information in relation to a Tranche of Non PD Notes will be contained in the applicable Pricing Supplement. That Pricing Supplement will, for the purposes of that Tranche of Non PD Notes only, supplement the Offering Circular and must be read in conjunction with the Offering Circular. The terms applicable to any particular Tranche of Non PD Notes are the "*Terms and Conditions of the Non PD Notes*" set out herein as supplemented, amended and/or replaced by the applicable Pricing Supplement.

### ***Supplemental Offering Circular***

The Issuer will, in the event of any significant new factor, material mistake or inaccuracy relating to information included in the Offering Circular which is capable of affecting the assessment of any Non PD Notes, prepare a supplement to the Offering Circular or publish a new offering circular for use in connection with any subsequent issue of Non PD Notes.

Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in the Offering Circular or in a document which is incorporated by reference in the Offering Circular. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of the Offering Circular.

### ***Stabilisation***

In connection with the issue of any Tranche of Non PD Notes, a Dealer or Dealers (the "**Stabilisation Manager(s)**") may over-allot Notes or effect transactions with a view to supporting the market price of the Non PD Notes at a level higher than that which might otherwise prevail. However stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Non PD Notes is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Non PD Notes and 60 days after the date of the allotment of the relevant Tranche of Non PD Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilisation Manager(s) (or person(s) acting on behalf of any Stabilisation Manager(s)) in accordance with all applicable laws and rules.

### ***MiFID II product governance / target market***

The Pricing Supplement in respect of the Non PD Notes will include a legend entitled "MiFID II product governance" which will outline the target market assessment in respect of the Non PD Notes and which channels for distribution of the Non PD Notes are appropriate. Any person subsequently offering, selling or recommending the Non PD Notes (a "**distributor**") should take into consideration the target market assessment; however, a distributor subject to Directive 2014/65/EU (as amended, "**MiFID II**") is responsible for undertaking its own target market assessment in respect of the Non PD Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the Product Governance rules under EU Delegated Directive 2017/593 (the "**MiFID Product Governance Rules**"), any Dealer subscribing for any Non PD Notes is a manufacturer in respect of such Non PD Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

### ***Singapore Product Classification***

Notification under Section 309B(1)(c) of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the "**SFA**") – Unless otherwise stated in the Pricing Supplement, all Notes issued or to be issued under the Programme shall be prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

## OVERVIEW OF THE PROGRAMME WITH RESPECT TO NON PD NOTES

*This overview must be read as an introduction to the Offering Circular and any decision to invest in any Non PD Notes should be based on a consideration of the Offering Circular as a whole, including any documents incorporated by reference.*

*Words and expressions defined in "Form of the Notes" and "Terms and Conditions of the Non PD Notes" and in the remainder of the Offering Circular shall have the same meanings in this overview.*

<b>Issuer:</b>	State of Israel
<b>Issuer Legal Entity Identifier ("LEI")</b>	213800T8ZHTFZIBYPE21
<b>Description:</b>	Euro Medium Term Note Programme
<b>Arranger:</b>	Barclays Bank PLC
<b>Dealers:</b>	Barclays Bank PLC BNP Paribas Citigroup Global Markets Limited Deutsche Bank AG, London Branch Goldman Sachs International Merrill Lynch International Morgan Stanley & Co. International plc UBS AG London Branch
<b>Principal Paying Agent and Transfer Agent:</b>	Citibank NA London Branch
<b>Registrar:</b>	Citigroup Global Markets Europe AG
<b>Paying Agent:</b>	Citibank Europe Plc
<b>Size:</b>	Up to €12,000,000,000 (or its equivalent in other currencies) outstanding at any time. The Issuer may increase the amount of the Programme in accordance with the terms of the Programme Agreement.
<b>Distribution:</b>	Subject to applicable selling restrictions, Non PD Notes may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis.
<b>Currencies:</b>	Subject to any applicable legal or regulatory restrictions, such currencies as may be agreed between the Issuer and the relevant Dealer.  Each issue of Non PD Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see " <i>Subscription and Sale</i> " in the Base Prospectus).
<b>Maturities:</b>	Such maturities as may be agreed between the Issuer and the relevant Dealer and as indicated in the applicable Pricing Supplement, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Issuer or the relevant Specified Currency.
<b>Issue Price:</b>	Non PD Notes may be issued on a fully-paid or a partly-paid basis

and at an issue price which is at par or at a discount to, or premium over, par.

The price and amount of Non PD Notes to be issued under the Programme will be determined by the Issuer and the Dealer(s) at the time of issue in accordance with prevailing market conditions.

**Form:**

Non PD Notes may be issued in bearer or registered form. Each Tranche of Non PD Notes issued in bearer form will initially be represented by a temporary global Note or (if so specified in the applicable Pricing Supplement that such Pricing Supplement is in respect of Non PD Notes to which U.S. Treasury Regulation §.1.163.5(c)(2)(i)(C) (the "**C Rules**") applies) a permanent global Note. Such global Note will be deposited on the relevant Issue Date with a common depository for Euroclear and Clearstream, Luxembourg and/or any other agreed clearance system. Interests in each temporary global Note will be exchanged for either interests in a permanent global Note or definitive Notes (as indicated in the applicable Pricing Supplement) in either case not earlier than the later of (i) 40 days after the Issue Date and (ii) 40 days after completion of distribution of the relevant Tranche upon certification of non-U.S. beneficial ownership as required by U.S. Treasury regulations. Each permanent global Note will be exchangeable for Definitive Notes in bearer form in accordance with its terms. Definitive Notes in bearer form will, if interest-bearing, have Coupons attached and, if appropriate, a Talon for further Coupons.

Non PD Notes issued in registered form will initially be represented by a global note in registered form which will be registered in the name of the nominee for the Common Depository of Euroclear and Clearstream, Luxembourg, as specified in the applicable Pricing Supplement. A global Note in registered form will be exchangeable in whole but not in part for registered Notes in definitive form without interest coupons or talons attached in accordance, in accordance with its terms.

Registered Notes will not be exchangeable for Bearer Notes and *vice versa*.

**Fixed Rate Notes:**

Fixed interest will be payable on such date or dates as may be agreed between the Issuer and the relevant Dealer (as indicated in the applicable Pricing Supplement) and on redemption and will be calculated on the basis of such Fixed Day Count Fraction as may be agreed between the Issuer and the relevant Dealer(s) and as indicated in the applicable Pricing Supplement.

**Floating Rate Notes:**

Floating Rate Notes (as defined in the applicable Pricing Supplement) will bear interest at a rate determined either:

- (i) on the same basis as the floating rate under a notional interest-rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2000 ISDA Definitions (as amended and updated as at the date of issue of the first Tranche of the Non PD Notes of the relevant Series (as specified in the relevant Pricing Supplement) as published by the International

Swaps and Derivatives Association, Inc.) or, if so specified in the relevant Pricing Supplement, the 2006 ISDA Definitions (as amended and updated as at the date of issue of the first Tranche of the Non PD Notes of the relevant Series (as specified in the relevant Pricing Supplement) as published by the International Swaps and Derivatives Association, Inc.); or

- (ii) on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service; or
- (iii) on such other basis as may be agreed between the Issuer and the relevant Dealer,

as indicated in the applicable Pricing Supplement.

The Margin (if any) relating to such Floating Rate Notes will be agreed between the Issuer and the relevant Dealer for each Series of Floating Rate Notes.

**Zero Coupon Notes:**

Zero Coupon Notes will be offered and sold at a discount to their nominal amount and will not bear interest other than in the case of late payment.

**Benchmark Discontinuation:**

In the case of Floating Rate Notes, if a Benchmark Event occurs, then the Issuer shall use its reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, to determine a Successor Rate, failing which, an Alternative Rate and, in either case, the applicable Adjustment Spread and any Benchmark Amendments, as further described in Condition 4(c).

**Redemption:**

The Pricing Supplement relating to each Tranche of Non PD Notes will indicate either that the Non PD Notes of such Tranche cannot be redeemed prior to their stated maturity (other than following an Event of Default) or that such Non PD Notes will be redeemable prior to their stated maturity at the option of the Issuer and/or the Noteholders upon giving not less than 30 nor more than 60 days' irrevocable notice (or such other notice period (if any) as is indicated in the applicable Pricing Supplement) to the Noteholders or the Issuer, as the case may be, on a date or dates specified prior to such stated maturity and at a price or prices and on such terms as are indicated in the applicable Pricing Supplement.

Where Non PD Notes have a maturity of less than one year and either (a) the issue proceeds are received by the Issuer in the United Kingdom or (b) the activity of issuing the Non PD Notes is carried on from an establishment maintained by the Issuer in the United Kingdom, such Non PD Notes must (a) have a minimum denomination of £100,000 (or its equivalent in other currencies) and be issued only to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses; or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses or (b) be issued in other circumstances which do not constitute a contravention of

section 19 of the FSMA.

**Denominations:**

Non PD Notes will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer and as indicated in the applicable Pricing Supplement, **provided that** no Non PD Notes may be issued under the Programme which have a minimum denomination of less than €1,000 (or nearly equivalent in another currency). Subject thereto, Non PD Notes will be issued in such denominations as may be specified in the relevant Pricing Supplement, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements and the minimum denomination of each Non PD Note will be such as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency.

Where Non PD Notes have a maturity of less than one year and either (a) the issue proceeds are received by the Issuer in the United Kingdom or (b) the activity of issuing the Non PD Notes is carried on from an establishment maintained by the Issuer in the United Kingdom, such Non PD Notes must (a) have a minimum denomination of £100,000 (or its equivalent in other currencies) and be issued only to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses; or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses or (b) be issued in other circumstances which do not constitute a contravention of section 19 of the FSMA.

**Taxation:**

All payments of principal and interest in respect of the Non PD Notes will be made without deduction for or on account of withholding taxes imposed within State of Israel unless required by law, as more fully described in Condition 7. In the event that any such deduction is made, the Issuer will, save in certain limited circumstances provided in Condition 7, be required by law to pay additional amounts in respect of the amounts so deducted.

**Status:**

The Non PD Notes will constitute direct, unconditional and unsecured obligations of the Issuer and will rank *pari passu*, without preference among themselves, with all other unsecured External Indebtedness of the Issuer, from time to time outstanding, **provided, further, that** the Issuer shall have no obligation to effect equal or rateable payment(s) at any time with respect to any such other External Indebtedness and, in particular, shall have no obligation to pay other External Indebtedness at the same time or as a condition of paying sums due on the Non PD Notes and *vice versa* (see Condition3).

"**External Indebtedness**" means any Indebtedness which is payable by its terms or at the option of its holder in any currency other than the currency of Israel and "**Indebtedness**" means all obligations of the Issuer in respect of borrowed money and guarantees given by the Issuer in respect of money borrowed by others.



<b>Cross Default:</b>	None.
<b>Negative Pledge:</b>	None.
<b>Rating:</b>	<p>As of the date of the Offering Circular, the long-term foreign currency sovereign credit ratings of the Issuer are: A1 (Moody's Investors Service, Inc.), AA- (Standard &amp; Poor's Credit Market Services Europe Limited) and A+ (Fitch Ratings Ltd). The Programme has also been rated (P)A1 by Moody's Investors Service, Inc., AA- by S&amp;P Global Ratings, acting through Standard and Poor's Credit Market Services Europe Limited and A+ by Fitch Ratings Ltd.</p> <p>Non PD Notes issued under the Programme may be rated or unrated. Where an issue of Non PD Notes is rated, the applicable rating(s) will be specified in the applicable Pricing Supplement. Such rating(s) will not necessarily be the same as the ratings assigned to the Issuer, the Programme or to notes already issued.</p> <p>A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.</p>
<b>Risk Factors:</b>	<p>There are certain risks relating to any issue of Non PD Notes, which investors should ensure they fully understand. These risks include risks relating to the Issuer's ability to fulfil its obligations under Non PD Notes issued under the Programme, the fact that Notes may not be suitable investments for all investors, certain risks relating to the structure of particular series of Non PD Notes and certain market risks. See "<i>Risk Factors</i>" in the Base Prospectus and the "<i>Risk Factors</i>" herein for additional risks relating to Non PD Notes.</p>
<b>Listing:</b>	<p>Non PD Notes may be unlisted and/or may be admitted to trading on a market or stock exchange (in circumstances where the provisions of the Prospectus Directive do not apply).</p>
<b>Governing Law:</b>	<p>The Non PD Notes and all non-contractual obligations arising out of, or in connection with them, will be governed by English law.</p>
<b>Selling Restrictions:</b>	<p>There are selling restrictions in relation to the United States, the European Economic Area (including the United Kingdom and The Netherlands), Japan, the People's Republic of China, Hong Kong, Belgium and Singapore and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Non PD Notes. See "<i>Subscription and Sale</i>" in the Base Prospectus, which is incorporated by reference into the Offering Circular.</p> <p>The relevant Dealer(s) will be required to comply with such other additional restrictions as the Issuer and the relevant Dealer shall agree in respect of any Tranche of Non PD Notes and as shall be set out in the applicable Pricing Supplement.</p>

## RISK FACTORS

The risk factors relating to Notes issued under this Programme are set out under the heading "Risk Factors" in the Base Prospectus. The following additional risk factors also apply to Non PD Notes:

### ***Risks related to Non PD Notes***

*An active secondary market in respect of the Non PD Notes may never be established or may be illiquid, which would adversely affect the value at which an investor could sell its Non PD Notes*

Non PD Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Non PD Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market at prices higher than the relevant investor's initial investment. Therefore, in establishing their investment strategy, investors should ensure that the term of the Non PD Notes is in line with their future liquidity requirements. This is particularly the case for Non PD Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Non PD Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of Non PD Notes. The liquidity of Non PD Notes is also influenced by whether or not the relevant Non PD Notes are exclusively offered to retail investors without any offer to institutional investors.

The Issuer may, but is not obliged to, list an issue of Non PD Notes on a stock exchange. If Non PD Notes are not listed or traded on any exchange, pricing information for the relevant Non PD Notes may be more difficult to obtain and the liquidity of such Non PD Notes may be adversely affected.

*The secondary market price of any Non PD Notes immediately following their issue may be less than the issue price*

If Non PD Notes are not listed or admitted to trading on a regulated market, they may be traded on trading systems governed by the laws and regulations in force from time to time (e.g., multilateral trading facilities or "MTF") or in other trading systems (e.g., bilateral systems, or equivalent trading systems). Trading in such Non PD Notes may take place outside the above-mentioned trading systems, with possible risks as to the transparency of the determination of prices. Investors should note that the Issuer does not grant any warranty to Noteholders as to the methodologies used to determine the price of Non PD Notes which are traded outside a trading system, however, where the Issuer or any of their affiliates determine the price of such Non PD Notes, they will take into account the market parameters applicable at such time in accordance with applicable provisions of law.

The Issuer and any relevant Dealer may, but is not obliged to, at any time purchase Non PD Notes at any price in the open market or by tender or private treaty. Any Non PD Notes so purchased may be held or resold or surrendered for cancellation. Any relevant Dealer may, but is not obliged to, be a market maker for an issue of Non PD Notes. Even if a relevant Dealer is a market-maker for an issue of Non PD Notes, the secondary market for such Non PD Notes may be limited and there is no assurance given as to the price offered by a secondary market-maker or the impact of any such quoted prices on those available in the wider market. To the extent that an issue of Non PD Notes becomes illiquid, an investor may have to hold the relevant Non PD Notes until maturity before it is able to realise value.

Investors should note that a secondary market may be affected by both legal restrictions in certain jurisdictions and by the Issuer and/or any relevant Dealer purchasing or holding Non PD Notes.

## FORM OF PRICING SUPPLEMENT

Set out below is the form of Pricing Supplement which will be completed for each Tranche of Non PD Notes issued under the Programme.

[**MiFID II product governance / target market** – [appropriate target market legend to be included]]

[**Notification under Section 309B(1)(c) of the Securities and Futures Act (Chapter 289) of Singapore (the "SFA")** – The Notes are [prescribed capital markets products]/[capital markets products other than prescribed capital markets products] (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and [Excluded Investment Products]/[Specified Investment Products] (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).]<sup>12</sup>

Pricing Supplement dated [ ]

NO PROSPECTUS IS REQUIRED IN ACCORDANCE WITH DIRECTIVE 2003/71/EC AS AMENDED OR SUPERSEDED FOR THIS ISSUE OF NOTES. THE FINANCIAL CONDUCT AUTHORITY (IN ITS CAPACITY AS COMPETENT AUTHORITY FOR THE PURPOSES OF PART VI OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 AS AMENDED) HAS NOT APPROVED OR REVIEWED THE INFORMATION CONTAINED IN THIS PRICING SUPPLEMENT.

STATE OF ISRAEL

**Legal Entity Identifier ("LEI"): 213800T8ZHTFZIBYPE21**

**Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes] (the "Notes")**

**under the €12,000,000,000**

**Euro Medium Term Note Programme**

### PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Offering Circular dated 17 July 2019 [and the supplement(s) to it dated [ ]] (the "**Offering Circular**"). This document constitutes the final terms of the Notes described herein and must be read in conjunction with the Offering Circular [as so supplemented]. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of this Pricing Supplement and the Offering Circular.

*The following alternative language applies if the first Tranche of an issue which is being increased was issued prior to the date of the current Offering Circular:*

Terms used herein shall be deemed to be defined as such for the purposes of the terms and conditions set forth in the [Offering Circular/Base Prospectus] dated [ ] (the "**Conditions**") incorporated by reference into the Offering Circular dated 17 July 2019. This document constitutes the final terms of the Notes described herein and must be read in conjunction with the Base Prospectus dated 17 July 2019 [and the supplement(s) to it dated [ ]] (the "**Offering Circular**"). Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of this Pricing Supplement and the Offering Circular.

1. Issuer: State of Israel
2. (i) Series Number: [ ]  
(ii) [Tranche Number: [ ]]  
(iii) [Date on which the Notes become [ ] fungible:

<sup>1</sup> Insert "prescribed capital market products" and "Excluded Investment Products" or, if not, amend Singapore product classification.

<sup>2</sup> Relevant Dealer(s) to consider whether it/they have received the necessary Singapore product classification from the Issuer prior to the launch of the offer, pursuant to Section 309B of the SFA.

3. Specified Currency [or Currencies]: [ ]
4. Aggregate Nominal Amount: [ ]
- (i) [Series: [ ]]
- (ii) [Tranche: [ ]]
5. Issue Price: [ ]
6. (i) Specified Denomination(s): [ ]
- (ii) Calculation Amount: [ ]
7. (i) Issue Date: [ ]
- (ii) Interest Commencement Date: [ ]
8. Maturity Date: [ ]
9. Interest Basis: [[ ] per cent. Fixed Rate]
- [[ ] +/- [ ] per cent. Floating Rate]
- [Zero Coupon]
- [Other]
10. Redemption Basis: [Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at 100 per cent. of their nominal amount/[Other]]
11. Put/Call Options: [Not Applicable/Investor Put/Issuer Call]

**PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

12. **Fixed Rate Note Provisions** [Applicable/Not Applicable]
- (i) Rate[(s)] of Interest: [ ] per cent. per annum payable in arrear on each Interest Payment Date
- (ii) Interest Payment Date(s): [ ] in each year; not adjusted/adjusted for payment purposes only in accordance with the [Floating Rate Convention/ Following Business Day Convention/ Modified Following Business Day Convention/Preceding Business Day Convention]/adjusted for calculation of interest and for payment purposes in accordance with the [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]
- (iii) Fixed Coupon Amount[(s)]: [[ ] per Calculation Amount/Condition 4(a)(ii) applies]
- (iv) Broken Amount(s): [ ] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [ ]
- (v) Fixed Day Count Fraction: [30/360 / Actual/365 (Fixed) / Actual/Actual (ICMA)]
- (vi) Other terms relating to the method of calculating interest for Fixed Rate [Not Applicable/[ ]]

Notes:

13. **Floating Rate Note Provisions** [Applicable/Not Applicable]
- (i) Interest Period(s): [ ]
  - (ii) [Specified Period/Specified Interest Payment Dates]: [ ] [in each year, subject to adjustment in accordance with the Business Day Convention set out in (iv) below]
  - (iii) First Interest Payment Date: [ ]
  - (iv) Business Day Convention: [Floating Rate Convention / Following Business Day Convention / Modified Following Business Day Convention / Preceding Business Day Convention]
  - (v) Additional Business Centre(s): [ ]
  - (vi) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination/ISDA Determination/Other]
  - (vii) Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the Principal Paying Agent): [ ]
  - (viii) Screen Rate Determination:
    - Reference Rate: [ ]
    - Interest Determination Date(s): [ ]
    - Relevant Screen Page: [ ]
  - (ix) ISDA Determination:
    - Floating Rate Option: [ ]
    - Designated Maturity: [ ]
    - Reset Date: [ ]
    - [ISDA Definitions: [2000/2006]]
  - (x) Linear Interpolation: [Not Applicable/Applicable – the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation]
  - (xi) Margin(s): [ +/- ] [ ] per cent. per annum
  - (xii) Minimum Interest Rate: [ ] per cent. per annum
  - (xiii) Maximum Interest Rate: [ ] per cent. per annum
  - (xiv) Day Count Fraction: [ ]
  - (xv) Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions: [Not Applicable/[ ]]
14. **Zero Coupon Note Provisions** [Applicable/Not Applicable]

- (i) Accrual Yield: [ ] per cent. per annum
- (ii) Reference Price: [ ]
- (iii) Any other formula/basis of determining amount payable: [Not Applicable/[ ]]
- (iv) Day Count Fraction in relation to Early Redemption Amounts and late payments: [Conditions 6(d)(iii) and [6(g)] apply]

**PROVISIONS RELATING TO REDEMPTION**

- 15. Notice periods for Condition 6(b)6(b) ) and 6(c): [Not Applicable/As set out in Condition [6(b)/6(c)]/Minimum period: [ ] days/Maximum period: [ ] days]
- 16. **Issuer Call** [Applicable/Not Applicable]
  - (i) Optional Redemption Date(s): [ ]
  - (ii) Optional Redemption Amount: [ ] per Calculation Amount
  - (iii) If redeemable in part:
    - (a) Minimum Redemption Amount: [ ] per Calculation Amount
    - (b) Maximum Redemption Amount: [ ] per Calculation Amount
- 17. **Investor Put** [Applicable/Not Applicable]
  - (i) Optional Redemption Date(s): [ ]
  - (ii) Optional Redemption Amount(s) of each Note: [ ] per Calculation Amount
- 18. **Final Redemption Amount of each Note** [[ ] per Calculation Amount/Other]
- 19. **Early Redemption Amount**

Early Redemption Amount(s) per Calculation Amount payable on redemption for taxation reasons or on event of default or other early redemption: [[ ] per Calculation Amount/Other]

**GENERAL PROVISIONS APPLICABLE TO THE NOTES**

- 20. **Form of Notes:**
  - Bearer Notes:
    - [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note]
    - [Temporary Global Note exchangeable for Definitive Notes upon certification as to non-U.S. beneficial ownership on or after the Exchange Date.]
    - [Permanent Global Note exchangeable for Definitive Notes upon an Exchange Event]
  - Registered Notes:

[Global Note registered in the name of a nominee for a common depository for Euroclear and Clearstream, Luxembourg]

- 21. Talons for future Coupons to be attached to Definitive Notes (and dates on which such Talons mature): [No/Yes]
- 22. Calculation Agent: [Not Applicable/Citibank NA London Branch/[ ]]
- 23. Additional Financial Centre(s): [Not Applicable/[ ]]
- 24. Additional Renminbi Clearing Financial Centre(s): [Not Applicable/[ ]]
- 25. Other final terms: [Not Applicable/[ ]]

SIGNATURE

Signed on behalf of State of Israel:

By: .....  
*Duly authorised*

By:.....  
*Duly authorised*

**PART B — OTHER INFORMATION**

**1. LISTING AND ADMISSION TO TRADING**

[ ]

**2. RATINGS**

The Notes to be issued have not been rated./The Notes to be issued have been rated:

S&P Global Ratings, acting through Standard and Poor's Credit Market Services Europe Limited: [ ]

Moody's Investors Service, Inc.: [ ]

Fitch Ratings Ltd: [ ]

**3. OPERATIONAL INFORMATION**

ISIN: [ ]

Common Code: [ ]

Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking S.A. and the relevant identification number(s): [Not Applicable/[ ]]

Names and addresses of additional Paying Agent(s) (if any): [ ]

Delivery: Delivery [against/free of] payment

**4. DISTRIBUTION**

Method of distribution: [Syndicated/Non-syndicated]

If syndicated: [Applicable/Not Applicable]

(i) Names of Managers: [Not Applicable/[ ]]

(ii) Date of Subscription Agreement: [Not Applicable/[ ]]

(iii) Stabilisation Manager: [Not Applicable/[ ]]

If non-syndicated, name of Manager: [Not Applicable/[ ]]

U.S. Selling Restrictions: Regulation S Compliance Category 1; [TEFRA [C/D]/TEFRA not applicable]

Additional selling restrictions: [Not Applicable/[ ]]



## TERMS AND CONDITIONS OF THE NON PD NOTES

*The following are the Terms and Conditions of the Notes which will be incorporated by reference into each global Note and each definitive Note, in the latter case only if permitted by the relevant competent listing authority, stock exchange, regulated market and/or quotation system (if any) and agreed by the Issuer and the relevant Dealer at the time of issue but, if not so permitted and agreed, such definitive Note will have endorsed thereon or attached thereto such Terms and Conditions. The applicable Pricing Supplement will supplement, amend and/or replace the following Terms and Conditions for the purpose of such Tranche of Non PD Notes.*

*The applicable Pricing Supplement (or the relevant provisions thereof) will be endorsed upon, or attached to, each temporary global Note, permanent global Note and definitive Note.*

*The Terms and Conditions applicable to the PD Notes are the "Terms and Conditions of the PD Notes" set out in the Base Prospectus and not these Terms and Conditions, which are applicable to Non PD Notes only.*

This Note is one of a Series (as defined herein) of Notes issued by State of Israel (the "**Issuer**") pursuant to the Agency Agreement (as defined herein).

References herein to the "**Notes**" shall be references to the Notes of this Series and shall mean:

- (i) in relation to any Notes represented by a global Note (a "**Global Note**"), units of the lowest Specified Denomination in the Specified Currency;
- (ii) any Global Note;
- (iii) definitive Notes in bearer form ("**Bearer Notes**") issued in exchange for a Global Note in bearer form; and
- (iv) any definitive Notes in registered form ("**Registered Notes**") (whether or not issued in exchange for a Global Note in registered form).

The Notes and the Coupons (as defined herein) are issued with the benefit of an Amendment and Restatement Agreement (Agency Agreement) dated 17 July 2019 (the "**Agency Agreement**", which expression shall include such agreement as further amended, supplemented or restated as at the Issue Date of the first Tranche of the Notes) and made among the Issuer, Citibank NA London Branch as principal paying agent (the "**Principal Paying Agent**", which expression shall include any successor agent specified in the applicable Pricing Supplement (as defined herein)) and as transfer agent (the "**Transfer Agent**", which expression shall include any successor transfer agent specified in the applicable Pricing Supplement (as defined herein)). Citigroup Global Markets Europe AG as registrar (the "**Registrar**", which expression shall include any successor registrar). Citibank Europe Plc as a paying agent and the other paying agents named therein (the paying agents together with the Principal Paying Agent, the "**Paying Agents**", which expression shall include any additional or successor paying agents).

Interest bearing definitive Bearer Notes (unless otherwise indicated in the applicable Pricing Supplement) have interest coupons ("**Coupons**") and, if indicated in the applicable Pricing Supplement, talons for further Coupons ("**Talons**") attached on issue. Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons. Registered Notes and Global Notes do not have Coupons or Talons attached on issue.

The price and amount of Notes to be issued under the Programme will be determined by the Issuer and the relevant Dealer(s) at the time of issue in accordance with prevailing market conditions.

The final terms for this Note (or the relevant provisions thereof) are set out in Part A of the Pricing Supplement attached to or endorsed on this Note and supplements these Terms and Conditions and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Terms and Conditions, replace or modify these Terms and Conditions for the purposes of this Note. References herein to the "**applicable Pricing Supplement**" are to Part A of the Pricing Supplement (or the relevant provisions thereof) attached to or endorsed on this Note.

The Noteholders and the Couponholders are entitled to the benefit of the Deed of Covenant (the "**Deed of Covenant**") dated 17 July 2019, and made by the Issuer. The original of the Deed of Covenant is held by a common depository on behalf of Euroclear (as defined herein) and Clearstream, Luxembourg (as defined herein).

Copies of the Agency Agreement and the Deed of Covenant are available for inspection during normal business hours at the specified office of each of the Paying Agents. Copies of the applicable Pricing Supplement are available for viewing at and copies may be obtained from the Ministry of Finance of Israel at 1 Kaplan Street/Hakiria, Jerusalem 91131, Israel and from the specified office of the Principal Paying Agent for the time being in London **save that**, if this Note is unlisted, the applicable Pricing Supplement will only be available for inspection by a Noteholder holding one or more unlisted Notes of that Series and such Noteholder must produce evidence satisfactory to the relevant Paying Agent as to its holding of such Notes and identity. The Noteholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Agency Agreement and the applicable Pricing Supplement which are applicable to them.

Words and expressions defined in the Agency Agreement or used in the applicable Pricing Supplement shall have the same meanings where used in these Terms and Conditions unless the context otherwise requires or unless otherwise stated and **provided that**, in the event of inconsistency between the Agency Agreement and the applicable Pricing Supplement, the applicable Pricing Supplement will prevail.

As used herein:

- "**Bearer Global Notes**" means Bearer Notes in global form;
- "**Couponholders**" means the holders of the Coupons, and shall, unless the context otherwise requires, include the holders of the Talons;
- "**Noteholders**" means (in the case of Bearer Notes) the holders of the Notes and (in the case of Registered Notes) the persons in which whose name the Notes are registered, and shall, in relation to any Notes represented by a Global Note, be construed as provided below;
- "**outstanding**", in relation to the Notes, has the meaning given in the Agency Agreement;
- "**Series**" means a Tranche of Notes together with any further Tranche or Tranches of Notes which are (i) expressed to be consolidated and form a single series and (ii) identical in all respects (including as to listing and admission to trading) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices;
- "**Registered Global Notes**" means Registered Notes in global form; and
- "**Tranche**" means Notes which are identical in all respects (including as to listing and admission to trading).

#### **1. Form, Denomination and Title**

The Notes are in bearer form or in registered form as specified in the applicable Pricing Supplement and, in the case of definitive Notes, serially numbered, in the Specified Currency and the Specified Denomination(s). Notes of one Specified Denomination may not be exchanged for Notes of another Specified Denomination and Bearer Notes may not be exchanged for Registered Notes and *vice versa*.

This Note is a Fixed Rate Note, a Floating Rate Note or a Zero Coupon Note or any combination of the foregoing, depending upon the Interest Basis or, as the case may be Redemption/Payment Basis specified in the applicable Pricing Supplement.

Definitive Bearer Notes are issued with Coupons attached, unless they are Zero Coupon Notes in which case references to Coupons and Couponholders in these Terms and Conditions are not applicable.

Subject as set out below, title to the Bearer Notes and Coupons will pass by delivery and title to the Registered Notes will pass upon registration of transfers in accordance with the provisions of the Agency Agreement. The Issuer and any Paying Agent may deem and treat the bearer of any Bearer Note or Coupon and the registered holder of any Registered Note as the absolute owner thereof

(whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any Global Note, without prejudice to the provisions set out in the next succeeding paragraph.

For so long as any of the Notes is represented by a Global Note held on behalf of Euroclear Bank SA/NV ("**Euroclear**") and/or Clearstream Banking S.A. ("**Clearstream, Luxembourg**"), each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg, as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer and the Paying Agents as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on the Notes, for which purpose the bearer of the relevant Bearer Global Note or the registered holder of the relevant Registered Global Note shall be treated by the Issuer and the Paying Agents as the holder of such Notes in accordance with and subject to the terms of the relevant Global Note and the expressions "**Noteholder**" and "**holder of Notes**" and related expressions shall be construed accordingly. Notes which are represented by a Global Note will be transferable only in accordance with the rules and procedures for the time being of Euroclear or of Clearstream, Luxembourg, as the case may be.

References to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system approved by the Issuer and the Principal Paying Agent.

## **2. Transfers of Registered Notes**

### **(a) *Transfers of interests in Registered Global Notes***

Transfers of beneficial interests in Registered Global Notes will be effected by Euroclear or Clearstream, Luxembourg, as the case may be, and, in turn, by other participants and, if appropriate, indirect participants in such clearing systems acting on behalf of transferors and transferees of such interests. A beneficial interest in a Registered Global Note will, subject to compliance with all applicable legal and regulatory restrictions, be transferable for Notes in definitive form or for a beneficial interest in another Registered Global Note of the same Series only in the authorised denominations set out in the applicable Pricing Supplement and only in accordance with the rules and operating procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be, and in accordance with the terms and conditions specified in the Agency Agreement.

### **(b) *Transfers of Registered Notes in definitive form***

Subject as provided in Condition 2(c) below, upon the terms and subject to the conditions set forth in the Agency Agreement, a Registered Note in definitive form may be transferred in whole or in part (in the authorised denominations set out in the applicable Pricing Supplement). In order to effect any such transfer (a) the holder or holders must (i) surrender the Registered Note for registration of the transfer of the Registered Note (or the relevant part of the Registered Note) at the specified office of any Transfer Agent, with the form of transfer thereon duly executed by the holder or holders thereof or his or their attorney or attorneys duly authorised in writing and (ii) complete and deposit such other certifications as may be required by the relevant Transfer Agent and (b) the relevant Transfer Agent must, after due and careful enquiry, be satisfied with the documents of title and the identity of the person making the request. Any such transfer will be subject to such reasonable regulations as the Issuer and the Registrar may from time to time prescribe (the initial such regulations being set out in Schedule 7 to the Agency Agreement) and a copy of such regulations will be mailed (free of charge) by the Registrar to any Noteholder who requests in writing a copy of the Regulations). Subject as provided above, the relevant Transfer Agent will, within five business days (being for this purpose a day on which commercial banks are open for general business (including dealings in foreign currencies) in the city where the specified office of the Registrar or relevant Transfer Agent is located) of the request (or such longer period as may be required to comply with any applicable fiscal or other laws or

regulations), authenticate and deliver, or procure the authentication and delivery of, at its specified office to the transferee or (at the risk of the transferee) send by uninsured first class mail (airmail if overseas), to such address as the transferee may request, a new Registered Note in definitive form of a like aggregate nominal amount to the Registered Note (or the relevant part of the Registered Note) transferred. In the case of the transfer of part only of a Registered Note in definitive form, a new Registered Note in definitive form in respect of the balance of the Registered Note not transferred will be so authenticated and delivered or (at the risk of the transferor) sent to the transferor.

(c) ***Registration of transfer upon partial redemption***

In the event of a partial redemption of Notes under Condition 6, the Issuer shall not be required to register the transfer of any Registered Note, or part of a Registered Note, called for partial redemption.

(d) ***Costs of registration***

The transfer of a Registered Note will be effected without charge by or on behalf of the Issuer or the Registrar or the Transfer Agent but against such indemnity as the Registrar or (as the case may be) the Transfer Agent may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such transfer.

(e) ***Closed periods***

Noteholders may not require transfers to be registered during the period of 15 days ending on the due date for any payment of principal or interest in respect of the Registered Notes.

**3. Status of the Notes**

The Notes and any relative Coupons are the direct, unconditional and unsecured obligations of the Issuer and rank and will rank *pari passu*, without preference among themselves, with all other unsecured External Indebtedness of the Issuer, from time to time outstanding, provided, further, that the Issuer shall have no obligation to effect equal or rateable payment(s) at any time with respect to any such other External Indebtedness and, in particular, shall have no obligation to pay other External Indebtedness at the same time or as a condition of paying sums due on the Notes and vice versa. For the purposes of this Condition 3, "**External Indebtedness**" means any Indebtedness which is payable by its terms or at the option of its holder in any currency other than the currency of Israel and "**Indebtedness**" means all obligations of the Issuer in respect of borrowed money and guarantees given by the Issuer in respect of money borrowed by others.

**4. Interest**

(a) ***Interest on Fixed Rate Notes***

(i) ***General***

Each Fixed Rate Note bears interest on its outstanding nominal amount from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest payable in arrear on the Interest Payment Date(s) in each year and on the Maturity Date if that does not fall on an Interest Payment Date.

Except as provided in the applicable Pricing Supplement, the amount of interest payable on each Interest Payment Date will amount to the Fixed Coupon Amount. Payments of interest on any Interest Payment Date will, if so specified in the applicable Pricing Supplement, amount to the Broken Amount so specified.

Except in the case of Notes in definitive form where an applicable Fixed Coupon Amount or Broken Amount is specified in the applicable Pricing Supplement, interest shall be calculated by the Principal Paying Agent (the "**Interest Amount**") in respect of any Interest Period by applying the Rate of Interest to:

- (A) in the case of Fixed Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Notes represented by such Global Note; or
  - (B) in the case of Fixed Rate Notes in definitive form, the Calculation Amount,
- and, in each case, multiplying such sum by the applicable Fixed Day Count Fraction.

The resultant figure (including after application of any Fixed Coupon Amount or Broken Amount to the Calculation Amount in the case of Fixed Rate Notes in definitive form) shall be rounded to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

Where the Specified Denomination of a Fixed Rate Note in definitive form is a multiple of the Calculation Amount, the Interest Amount payable in respect of such Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

(ii) *Renminbi Notes*

For Renminbi Notes (as defined in Condition 5(g)) which are Fixed Rate Notes, where the Interest Payment Dates specified in the applicable Pricing Supplement are subject to modification, each Fixed Coupon Amount shall be calculated by multiplying the product of the relevant Rate of Interest and the relevant Calculation Amount by the relevant Fixed Day Count Fraction and rounding the resultant figure to the nearest CNY0.01, with CNY0.005 being rounded upwards.

(iii) Definitions

For the purposes of these Conditions,

**"Fixed Day Count Fraction"** means, in respect of the calculation of an amount for any period of time (the **"Calculation Period"**), such day count fraction as may be specified in these Conditions or the applicable Pricing Supplement and:

- (A) if **"Actual/365 (Fixed)"** is so specified, means the actual number of days in the Calculation Period divided by 365;
- (B) if **"Actual/Actual (ICMA)"** is so specified, means:
  - (a) where the Calculation Period is equal to or shorter than the Regular Period during which it falls, the actual number of days in the Calculation Period divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and
  - (b) where the Calculation Period is longer than one Regular Period, the sum of:
    - (A) the actual number of days in such Calculation Period falling in the Regular Period in which it begins divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and
    - (B) the actual number of days in such Calculation Period falling in the next Regular Period divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year;
- (C) if **"30/360"** is specified, on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed.

**"Regular Period"** means:

- (A) in the case of Notes where interest is scheduled to be paid only by means of regular payments, each period from and including the Interest Commencement Date to but excluding the first Interest Payment Date and each successive period from and including one Interest Payment Date to but excluding the next Interest Payment Date;
- (B) in the case of Notes where, except for the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where "**Regular Date**" means the day and month (but not the year) on which any Interest Payment Date falls; and
- (C) in the case of Notes where, apart from one Interest Period other than the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where "**Regular Date**" means the day and month (but not the year) on which any Interest Payment Date falls other than the Interest Payment Date falling at the end of the irregular Interest Period.

"**Sub-unit**" means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, means one cent.

(b) ***Interest on Floating Rate Notes***

(i) ***Interest Payment Dates***

Each Floating Rate Note bears interest on its outstanding nominal amount from (and including) the Interest Commencement Date and such interest will be payable in arrear on either:

- (A) the Specified Interest Payment Date(s) in each year (the period from and including the Interest Commencement Date to but excluding the first Interest Payment Date and each successive period from and including an Interest Payment Date to but excluding the next Interest Payment Date each being an "**Interest Period**"); or
- (B) if no Specified Interest Payment Date(s) is/are specified in the applicable Pricing Supplement, each date (each an "**Interest Payment Date**", which terms shall hereinafter in these Terms and Conditions include a Specified Interest Payment Date) which falls the number of months or other period specified as the Interest Period in the applicable Pricing Supplement after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each Interest Period (which expression shall, in these Terms and Conditions, mean the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date) or the relevant payment date if the Notes become payable on a date other than in Interest Payment Date.

If a Business Day Convention is specified in the applicable Pricing Supplement and (x) if there is no numerically corresponding day in the calendar month in which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

- (1) in any case where Interest Periods are specified in accordance with Condition 4(b)(i)(B) above, the Floating Rate Convention, such Interest Payment Date (i) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (B) below shall apply *mutatis mutandis* or (ii) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (A) such Interest Payment

Date shall be brought forward to the immediately preceding Business Day and (B) each subsequent Interest Payment Date shall be the last Business Day in the month which falls the number of months or other period specified as the Interest Period in the applicable Pricing Supplement after the preceding applicable Interest Payment Date occurred; or

- (2) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or
- (3) the Modified Following Business Day Convention or Modified Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or
- (4) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or
- (5) the FRN Convention, Floating Rate Convention or Eurodollar Convention, such Interest Payment Date shall be the date which numerically corresponds to the preceding such date in the calendar month which is the number of months specified in the applicable Pricing Supplement as the Specified Period after the calendar month in which the preceding such date occurred **provided, however, that:**
  - (A) if there is no such numerically corresponding day in the calendar month in which any such date should occur, then such date will be the last day which is a Business Day in that calendar month;
  - (B) if any such date would otherwise fall on a day which is not a Business Day, then such date will be the first following day which is a Business Day unless that day falls in the next calendar month, in which case it will be the first preceding day which is a Business Day; and
  - (C) if the preceding such date occurred on the last day in a calendar month which was a Business Day, then all subsequent such dates will be the last day which is a Business Day in the calendar month which is the specified number of months after the calendar month in which the preceding such date occurred.

In this Condition (subject as otherwise provided in the applicable Pricing Supplement), "**Business Day**" means:

- (A) if the currency of payment is euro, any day (except Saturday or Sunday) which is a TARGET Settlement Day and a day on which dealings in foreign currencies may be carried on in each (if any) Additional Business Centre as specified in the applicable Pricing Supplement;
- (B) in relation to any sum payable in Renminbi, a day (except Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments of Renminbi and are open for general business (including dealing in foreign exchange and foreign currency deposits) in Hong Kong or (if any) the additional financial centre(s) in which a Renminbi clearing bank clears and settles Renminbi (each, an "**Additional Renminbi Clearing Financial Centre**") as specified in the applicable Pricing Supplement; or
- (C) if the currency of payment is not euro or Renminbi, any day (except Saturday or Sunday) which is a day on which dealings in foreign currencies may be carried on in the principal financial centre of the currency of payment and in each (if any) Additional Business Centre as specified in the applicable Pricing Supplement.

"**TARGET Settlement Day**" means any day on which TARGET2 is open for the settlement of payments in euro.

(ii) *Rate of Interest*

The Rate of Interest payable from time to time in respect of Floating Rate Notes will be determined either by ISDA Determination or by Screen Rate Determination, and the method of determination will be specified in the applicable Pricing Supplement.

(A) **ISDA Determination for Floating Rate Notes**

Where ISDA Determination is specified in the applicable Pricing Supplement as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Pricing Supplement) the Margin (if any). For the purposes of this paragraph (A), "**ISDA Rate**" for an Interest Period means a rate equal to the Floating Rate that would be determined by the Principal Paying Agent or the Calculation Agent (if any is specified in the applicable Pricing Supplement), as applicable, under an interest rate swap transaction if the Principal Paying Agent or the Calculation Agent (as applicable) were acting as Calculation Agent (as defined in the ISDA Definitions (as defined below) for that swap transaction under the terms of an agreement incorporating the 2000 ISDA Definitions (as amended and updated as at the date of issue of the first Tranche of the Notes of the relevant Series (as specified in the applicable Pricing Supplement) as published by the International Swaps and Derivatives Association, Inc.) or, if so specified in the applicable Pricing Supplement, the 2006 ISDA Definitions (as amended and updated as at the date of issue of the first Tranche of the Notes of the relevant Series (as specified in the applicable Pricing Supplement) as published by the International Swaps and Derivatives Association, Inc.) (the "**ISDA Definitions**"), and under which:

- (1) the Floating Rate Option is as specified in the applicable Pricing Supplement;
- (2) the Designated Maturity is a period specified in the applicable Pricing Supplement; and
- (3) the relevant Reset Date is either (i) if the applicable Floating Rate Option is based on the London inter-bank offered rate (LIBOR) or on the Eurozone (as defined herein) inter-bank offered rate (EURIBOR) for a currency, the first day of that Interest Period or (ii) in any other case, as specified in the applicable Pricing Supplement.

If Linear Interpolation is specified as applicable in respect of an Interest Period in the applicable Pricing Supplement, the Rate of Interest for such Interest Period shall be calculated by the Calculation Agent specified in the Pricing Supplement by straight-line linear interpolation by reference to two rates based on the relevant Floating Rate Option, where:

- (A) one rate shall be determined as if the Designated Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Period; and
- (B) the other rate shall be determined as if the Designated Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Period

**provided, however, that** if there is no rate available for a period of time next shorter than the length of the relevant Interest Period or, as the case may be, next longer than the length of the relevant Interest Period, then the Calculation Agent specified in the



Pricing Supplement shall determine such rate at such time and by reference to such sources as it determines appropriate.

For the purposes of this sub-paragraph (A), unless otherwise indicated, "**Floating Rate**", "**Calculation Agent**", "**Floating Rate Option**", "**Designated Maturity**" and "**Reset Date**" have the meanings given to those terms in the ISDA Definitions.

(B) **Screen Rate Determination for Floating Rate Notes**

Where Screen Rate Determination is specified in the applicable Pricing Supplement as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject as provided below, be either:

- (A) the offered quotation (if there is only one quotation on the Relevant Screen Page (as indicated in the applicable Pricing Supplement)), expressed as a percentage rate per annum; or
- (B) the arithmetic mean (rounded if necessary to the fifth decimal place with 0.000005 being rounded upwards) of the offered quotations (expressed as a percentage rate per annum),

for deposits in the Specified Currency for that Interest Period which appears or appear, as the case may be, on the Relevant Screen Page as at the Relevant Time on the Interest Determination Date in question plus or minus (as indicated in the applicable Pricing Supplement) the Margin (if any), all as determined by the Principal Paying Agent or the Calculation Agent (as applicable). If five or more such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) shall be disregarded by the Principal Paying Agent or the Calculation Agent (as applicable) for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

If Linear Interpolation is specified as applicable in respect of an Interest Period in the applicable Pricing Supplement, the Rate of Interest for such Interest Period shall be calculated by the Calculation Agent as specified in the Pricing Supplement by straight-line linear interpolation by reference to two rates which appear on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date, where:

- (1) one rate shall be determined as if the relevant Interest Period were the period of time for which rates are available next shorter than the length of the relevant Interest Period; and
- (2) the other rate shall be determined as if the relevant Interest Period were the period of time for which rates are available next longer than the length of the relevant Interest Period;

**provided, however, that** if no rate is available for a period of time next shorter or, as the case may be, next longer than the length of the relevant Interest Period, then the Calculation Agent specified in the Pricing Supplement shall determine such rate at such time and by reference to such sources as it determines appropriate.

If the Relevant Screen Page is not available or if, in the case of (A) above, no such quotation appears or, in the case of (B) above, fewer than three of such offered quotations appear, in each case as at the Relevant Time, the Principal Paying Agent shall request each of the Reference Banks (as defined herein) to provide the Principal Paying Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at approximately the Relevant Time on the Interest Determination Date in question. If two or more of the Reference Banks provide the

Principal Paying Agent with such offered quotations, the Rate of Interest for such Interest Period shall be the arithmetic mean (rounded as provided above) of such offered quotations plus or minus (as indicated in the applicable Pricing Supplement) the Margin (if any), all as determined by the Principal Paying Agent.

If on any Interest Determination Date one only or none of the Reference Banks provides the Principal Paying Agent with such an offered quotation as provided in the paragraph above, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Principal Paying Agent determines as being the arithmetic mean (rounded as provided above) of the rates, as communicated to (and at the request of) the Principal Paying Agent by the Reference Banks or any two or more of them, at which such banks were offered, at approximately the Relevant Time on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in the London inter-bank market (if the Reference Rate is LIBOR) or the Eurozone inter-bank market (if the Reference Rate is EURIBOR) plus or minus (as indicated in the applicable Pricing Supplement) the Margin (if any) or, if fewer than two of the Reference Banks provide the Principal Paying Agent with such offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean (rounded as provided above) of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, at approximately the Relevant Time on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are suitable for such purpose) informs the Principal Paying Agent it is quoting to leading banks in the London inter-bank market (if the Reference Rate is LIBOR) or the Eurozone inter-bank market (if the Reference Rate is EURIBOR) plus or minus (as indicated in the applicable Pricing Supplement) the Margin (if any), **provided that**, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be that determined as at the last preceding Interest Determination Date (though substituting where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period in place of the Margin relating to that last preceding Interest Period).

In this Condition:

**"EURIBOR"** means, in respect of any specified currency and any specified period, the interest rate benchmark known as the Eurozone interbank offered rate which is calculated and published by a designated distributor (currently Thomson Reuters) in accordance with the requirements from time to time of the European Banking Federation (or any other person which takes over the administration that rate) the based on estimated interbank borrowing rates for a number of designated currencies and maturities which are provided, in respect of each such currency, by a panel of contributor banks (details of historic EURIBOR rates can be obtained from the designated distributor);

**"Eurozone"** means the zone comprising the member states of the European Union which adopt or have adopted the euro as their lawful currency in accordance with the Treaty establishing the European Community, as amended; and **"Relevant Time"** means, in the case of LIBOR, 11:00 am (London time) or, in the case of EURIBOR, 11:00 am (Brussels time) or, as the case may be, as specified in the applicable Pricing Supplement;

**"LIBOR"** means, in respect of any specified currency and any specified period, the interest rate benchmark known as the London interbank offered rate (or any successor or replacement rate);

"**Reference Banks**" means, in the case of a determination of LIBOR, the principal London office of four major banks in the London inter-bank market, and in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market, in each case selected by the Principal Paying Agent in consultation with the Issuer; and

"**Relevant Screen Page**" means such page, section, caption, column or other part of a particular information service as may be specified in the applicable Pricing Supplement (or any successor or replacement page, section, caption, column or other part of a particular information service).

If the Reference Rate from time to time in respect of Floating Rate Notes is specified as being other than LIBOR or EURIBOR, the Rate of Interest in respect of such Notes will be determined as provided in the applicable Pricing Supplement.

(iii) *Minimum and/or Maximum Interest Rate*

If the applicable Pricing Supplement specifies a Minimum Interest Rate for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (ii) above is less than such Minimum Interest Rate, the Rate of Interest for such Interest Period shall be such Minimum Interest Rate.

If the applicable Pricing Supplement specifies a Maximum Interest Rate for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (ii) above is greater than such Maximum Interest Rate, the Rate of Interest for such Interest Period shall be such Maximum Interest Rate.

(iv) *Determination of Rate of Interest and Calculation of Interest Amounts*

The Principal Paying Agent or the Calculation Agent (as applicable), in the case of Floating Rate Notes, will, at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period.

The Principal Paying Agent or the Calculation Agent (as applicable) will calculate the amount of interest (the "**Interest Amount**") payable on the Floating Rate Notes for the relevant Interest Period by applying the Rate of Interest to:

(A) in the case of Floating Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Notes represented by such Global Note; or

(B) in the case of Floating Rate Notes in definitive form, the Calculation Amount,

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Floating Rate Note in definitive form is a multiple of the Calculation Amount, the Interest Amount payable in respect of such Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding. For this purpose a "sub-unit" means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent.

"**Day Count Fraction**" means, in respect of the calculation of an amount of interest for any Interest Period:

(i) if "**Actual/Actual**" or "**Actual/Actual (ISDA)**" is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 365 (or, if any portion

of that Interest Period falls in leap year, the sum of (A) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);

- (ii) if "**Actual/365 (Fixed)**" is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 365;
- (iii) if "**Actual/365 (Sterling)**" is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 365 or, in the case of any Interest Payment Date falling in a leap year, 366;
- (iv) if "**Actual/360**" is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 360;
- (v) if "**30/360**", "**360/360**" or "**Bond Basis**" is specified in the applicable Pricing Supplement, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1) + [30 \times (M_2 - M_1)] + (D_2 - D_1)]}{360}$$

where:

"**Y<sub>1</sub>**" is the year, expressed as a number, in which the first day of the Interest Period falls;

"**Y<sub>2</sub>**" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"**M<sub>1</sub>**" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"**M<sub>2</sub>**" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"**D<sub>1</sub>**" is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D<sub>1</sub> will be 30;

"**D<sub>2</sub>**" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D<sub>1</sub> is greater than 29, in which case D<sub>2</sub> will be 30;

- (vi) if "**30E/360**" or "**Eurobond Basis**" is specified in the applicable Pricing Supplement, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1) + [30 \times (M_2 - M_1)] + (D_2 - D_1)]}{360}$$

where:

"**Y<sub>1</sub>**" is the year, expressed as a number, in which the first day of the Interest Period falls;

"**Y<sub>2</sub>**" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"**M<sub>1</sub>**" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"**M<sub>2</sub>**" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"**D<sub>1</sub>**" is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and "**D<sub>2</sub>**" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D<sub>2</sub> will be 30; and

- (vii) if "**30E/360 (ISDA)**" is specified in the applicable Pricing Supplement, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1) + [30 \times (M_2 - M_1)] + (D_2 - D_1)]}{360}$$

where:

"**Y<sub>1</sub>**" is the year, expressed as a number, in which the first day of the Interest Period falls;

"**Y<sub>2</sub>**" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"**M<sub>1</sub>**" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"**M<sub>2</sub>**" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"**D<sub>1</sub>**" is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D1 will be 30; and

"**D<sub>2</sub>**" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D2 will be 30.

(v) *Notification of Rate of Interest and Interest Amounts*

The Principal Paying Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer and any competent listing authority, stock exchange, regulated market and/or quotation system by which the relevant Floating Rate Notes are for the time being listed and notice thereof to be published in accordance with Condition 13 as soon as possible after their determination but in no event later than the fourth London Business Day. For the purposes of this paragraph (v) the expression "**London Business Day**" means a day (other than a Saturday or Sunday on which banks and foreign exchange markets are open for business in London. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to each competent listing authority, stock exchange, regulated market and/or quotation system by which the relevant Floating Rate Notes are for the time being listed and to the Noteholders in accordance with Condition 13. If the Calculation Amount is less than the minimum Specified Denomination the Principal Paying Agent or the Calculation Agent (as applicable) shall not be obliged to publish each Interest Amount but instead may publish only the Calculation Amount and the Interest Amount in respect of a Note having the minimum Specified Denomination.

(vi) *Certificates to be Final*

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 4(b), whether by the Principal Paying Agent or, if applicable, the Calculation Agent, shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Principal Paying Agent, the Calculation Agent (if applicable), the other Paying Agents, the Registrar and all Noteholders and Couponholders and (in the absence as aforesaid) no liability to the Issuer, the Noteholders or the Couponholders shall attach to the Principal Paying Agent or the Calculation Agent (if applicable) in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

(c) *Benchmark Discontinuation*

(i) *Independent Adviser*

If a Benchmark Event occurs in relation to an Original Reference Rate at any time when these Conditions provide for any remaining Rate of Interest (or any component part thereof) to be determined by reference to such Original Reference Rate, then the Issuer shall use its reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, to determine a Successor Rate, failing which an Alternative Rate (in accordance with Condition 4(c)(ii)) and, in either case, an Adjustment Spread (in accordance with Condition 4(c)(iii)) and any Benchmark Amendments (in accordance with Condition 4(c)(iv)).

An Independent Adviser appointed pursuant to this Condition 4(c) shall act in good faith and in a commercially reasonable manner and (in the absence of bad faith or fraud) shall have no liability whatsoever to the Issuer, the Principal Paying Agent or the Calculation Agent (as applicable), any other party specified in the applicable Pricing Supplement as being responsible for calculating the Rate of Interest, the Noteholders or the Couponholders for any determination made by it pursuant to this Condition 4(c).

(ii) *Successor Rate or Alternative Rate*

If the Independent Adviser (in consultation with the Issuer), acting in good faith and in a commercially reasonable manner, determines that:

- (A) there is a Successor Rate, then such Successor Rate as adjusted by the applicable Adjustment Spread as provided in Condition 4(c)(iii) shall subsequently be used in place of the Original Reference Rate to determine the relevant Rate(s) of Interest (or the relevant component part(s) thereof) for all relevant future payments of interest on the Notes (subject to the further operation of this Condition 4(c)); or
- (B) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate as adjusted by the applicable Adjustment Spread as provided in Condition 4(c)(iii) shall subsequently be used in place of the Original Reference Rate to determine the relevant Rate(s) of Interest (or the relevant component part(s) thereof) for all relevant future payments of interest on the Notes (subject to the further operation of this Condition 4(c)).

(iii) *Adjustment Spread*

If a Successor Rate or Alternative Rate is determined in accordance with Condition 4(c)(ii), the Independent Adviser (in consultation with the Issuer), acting in good faith and in a commercially reasonable manner, shall determine an Adjustment Spread (which may be expressed as a specified quantum, or a formula or methodology for determining the applicable Adjustment Spread (and, for the avoidance of doubt, such an Adjustment Spread may be positive, negative or zero)), which Adjustment Spread shall be applied to the Successor Rate or the Alternative Rate (as the case may be) for each subsequent determination of a relevant Rate of Interest (or a relevant component part thereof) by reference to such Successor Rate or Alternative Rate (as applicable).

(iv) *Benchmark Amendments*

If any Successor Rate or Alternative Rate and (in either case) the applicable Adjustment Spread is determined in accordance with this Condition 4(c) and the Independent Adviser (in consultation with the Issuer), acting in good faith and in a commercially reasonable manner, determines (A) that amendments to these Conditions and/or the Agency Agreement (including, without limitation, amendments to the definitions of Day Count Fraction, Business Day or Relevant Screen Page) are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and/or (in either case) Adjustment Spread (such amendments, the "**Benchmark Amendments**") and (B) the terms of the Benchmark Amendments, then the Issuer shall, subject to giving notice thereof in accordance with Condition 4(c)(v), without any requirement for the consent or approval of Noteholders or Couponholders, vary these Conditions and/or the Agency Agreement (as applicable) to give effect to such Benchmark Amendments with effect from the date specified in such notice.

At the request of the Issuer, the Principal Paying Agent or the Calculation Agent (as applicable) shall (at the expense of the Issuer), without any requirement for the consent or approval of Noteholders or Couponholders, be obliged to concur with the Issuer in effecting any Benchmark Amendments and the Principal Paying Agent or the Calculation Agent (as applicable) shall not be liable to any party for any consequences thereof, provided that Principal Paying Agent or the Calculation Agent (as applicable) shall not be obliged so to concur if in the reasonable opinion of the Principal Paying Agent doing so would impose more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities or reduce rights and/or the protective provisions afforded to the Principal Paying Agent or the Calculation Agent (as applicable) in these Conditions or the Agency Agreement in any way.

(v) *Notices, etc.*

The Issuer will notify the Principal Paying Agent, any other party specified in the applicable Pricing Supplement as being responsible for calculating the Rate of Interest, the other Paying Agents and, in accordance with Condition 13, the Noteholders promptly of any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments determined under this Condition 4(c). Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.

(vi) *Survival of Original Reference Rate*

Without prejudice to the obligations of the Issuer under the provisions of this Condition 4(c), the Original Reference Rate and the fallback provisions provided for in Condition 4(b)(ii)(B) will continue to apply unless and until a Benchmark Event has occurred.

(vii) *Fallbacks*

If, following the occurrence of a Benchmark Event and in relation to the determination of the Rate of Interest on the relevant Interest Determination Date, no Successor Rate or Alternative Rate (as applicable) or (in either case) applicable Adjustment Spread is determined and notified to the Agent or any other party specified in the applicable Pricing Supplement as being responsible for calculating the Rate of Interest (as applicable), in each case pursuant to this Condition 4(c), prior to such Interest Determination Date, the Original Reference Rate will continue to apply for the purposes of determining such Rate of Interest on such Interest Determination Date, with the effect that the fallback provisions provided for in Condition 4(c)(ii)(B) will (if applicable) continue to apply to such determination.

For the avoidance of doubt, this Condition 4(c)(vii) shall apply to the determination of the Rate of Interest on the relevant Interest Determination Date only, and the Rate of Interest applicable to any subsequent Interest Period(s) is subject to the subsequent operation of, and to adjustment as provided in, this Condition 4(c).

(viii) *Definitions*

As used in this Condition 4(c):

"**Adjustment Spread**" means either (a) a spread (which may be positive, negative or zero), or (b) a formula or methodology for calculating a spread, in either case which is to be applied to the relevant Successor Rate or Alternative Rate (as applicable) and is the spread, formula or methodology which:

- (A) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body; or
- (B) in the case of an Alternative Rate or (where (A) above does not apply) in the case of a Successor Rate, the Independent Adviser determines (in consultation with the Issuer) is recognised or acknowledged as being in customary market usage in international debt capital markets transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be); or

- (C) (if the Independent Adviser (in consultation with the Issuer) determines that neither (A) nor (B) above applies) the Independent Adviser (in consultation with the Issuer) determines to be appropriate, having regard to the objective, so far as is reasonably practicable in the circumstances, of reducing or eliminating any economic prejudice or benefit (as the case may be) to Noteholders and Couponholders as a result of the replacement of the Original Reference Rate with the Successor Rate or the Alternative Rate (as the case may be);

**"Alternative Rate"** means an alternative to the Original Reference Rate which the Independent Adviser (in consultation with the Issuer) determines in accordance with Condition 4(c)(ii) has replaced the Original Reference Rate in customary market usage in the international debt capital markets for the purposes of determining floating rates of interest (or the relevant component part thereof) for debt securities with a commensurate interest period and in the same Specified Currency as the Notes, or if the Independent Adviser (in consultation with the Issuer) determines that there is no such rate, such other rate as the Independent Adviser (as applicable) determines in its sole discretion is most comparable to the Original Reference Rate;

**"Benchmark Amendments"** has the meaning given to it in Condition 4(c)(iv);

**"Benchmark Event"** means, with respect to an Original Reference Rate:

- (A) the Original Reference Rate ceasing to be published for at least five Business Days or ceasing to exist or be administered; or
- (B) the later of (i) the making of a public statement by the administrator of the Original Reference Rate that it will, on or before a specified date, cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate) and (ii) the date falling six months prior to the specified date referred to in (B)(i); or
- (C) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate has been permanently or indefinitely discontinued; or
- (D) the later of (i) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate will, on or before a specified date, be permanently or indefinitely discontinued and (ii) the date falling six months prior to the specified date referred to in (D)(i); or
- (E) the later of (i) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that means the Original Reference Rate will be prohibited from being used or that its use will be subject to restrictions or adverse consequences, in each case on or before a specified date and (ii) the date falling six months prior to the specified date referred to in (E)(i); or
- (F) it has or will prior to the next Interest Determination Date become unlawful for the Issuer, the Principal Paying Agent, any other party specified in the applicable Pricing Supplement as being responsible for calculating the Rate of Interest or any Paying Agent to calculate any payments due to be made to any Noteholder or Couponholder using the Original Reference Rate; or
- (G) the making of a public statement by the supervisor of the administrator of such Original Reference Rate announcing that such Original Reference Rate is no longer representative or may no longer be used;

**"Independent Adviser"** means an independent financial institution of international repute or an independent financial adviser with appropriate experience in the international debt capital markets appointed by the Issuer, at its own expense, under Condition 4(c)(i);



**"Original Reference Rate"** means the originally-specified Reference Rate used to determine the relevant Rate of Interest (or any component part thereof) in respect of any Interest Period(s) (provided that if, following one or more Benchmark Events, such originally specified Reference Rate (or any Successor Rate or Alternative Rate which has replaced it) has been replaced by a (or a further) Successor Rate or Alternative Rate and a Benchmark Event subsequently occurs in respect of such Successor Rate or Alternative Rate, the term "Original Reference Rate" shall include any such Successor Rate or Alternative Rate);

**"Relevant Nominating Body"** means, in respect of an Original Reference Rate:

- (A) the central bank for the currency to which the Original Reference Rate relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the Original Reference Rate; or
- (B) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (i) the central bank for the currency to which the Original Reference Rate relates, (ii) any central bank or other supervisory authority which is responsible for supervising the administrator of the Original Reference Rate, (iii) a group of the aforementioned central banks or other supervisory authorities or (iv) the Financial Stability Board or any part thereof; and

**"Successor Rate"** means a successor to or replacement of the Original Reference Rate which is formally recommended by any Relevant Nominating Body.

(d) ***Accrual of Interest***

Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the date for its redemption unless, upon due presentation thereof, payment of principal is improperly withheld or refused. In such event, interest will continue to accrue until whichever is the earlier of:

- (1) the date on which all amounts due in respect of such Note have been paid; and
- (2) the date on which the full amount of the moneys payable has been received by the Principal Paying Agent or the Registrar, as the case may be, and notice to that effect has been given in accordance with Condition 13 or individually.

**5. Payments**

(a) ***Method of Payment***

Subject as provided below:

- (i) payments in a Specified Currency other than euro and Renminbi (including the U.S. Dollar Equivalent of any amount due in Renminbi) will be made by transfer to an account in the relevant Specified Currency maintained by the payee with, or at the option of the payee by a cheque in such Specified Currency drawn on, a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney or Auckland, respectively);
- (ii) payments in euro will be made by euro cheque drawn on a bank in a principal financial centre of a state participating in the European economic and monetary union or by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee;
- (iii) payments of the U.S. Dollar Equivalent of the relevant Renminbi amount, determined in accordance with Condition 5(g) below, will be made by credit or transfer to a U.S. dollar account (or any other account to which U.S. dollars may be credited or transferred) specified by the payee or, at the option of the payee, by a U.S. dollar cheque, provided, however, that no payment will be made by transfer to an account in, or by cheque mailed to an address in, the United States; and

- (iv) payments in Renminbi will be made by credit or transfer to an account denominated in that currency and maintained by the payee with a bank in Hong Kong or (if any) an Additional Renminbi Clearing Financial Centre specified in the Pricing Supplement.

Payments will be subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 7.

(b) ***Presentation of definitive Bearer Notes and Coupons***

Payments of principal in respect of definitive Bearer Notes will (subject as provided below) be made in the manner provided in paragraph (a) above only against surrender of definitive Bearer Notes, and payments of interest in respect of definitive Bearer Notes will (subject as provided below) be made as aforesaid only against surrender of Coupons, in each case at the specified office of any Paying Agent outside the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia, its territories, its possessions and other areas subject to its jurisdiction)).

Fixed Rate Notes in definitive bearer form should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of seven years after the Relevant Date (as defined in Condition 7) in respect of such principal or, if later, five years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

Upon any Fixed Rate Note in definitive bearer form becoming due and repayable prior to its Maturity Date, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

Upon the date on which any Floating Rate Note in definitive bearer form becomes due and repayable, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof.

If the due date for redemption of any definitive Bearer Note is not a Fixed Interest Date or an Interest Payment Date, interest (if any) accrued in respect of such Note from (and including) the preceding Fixed Interest Date or Interest Payment Date or, as the case may be, the Interest Commencement Date shall be payable only against surrender of the relevant definitive Bearer Note.

Payments of principal and interest (if any) in respect of Notes represented by any Global Note in bearer form will (subject as provided below) be made in the manner specified above in relation to definitive Notes and otherwise in the manner specified in the relevant Global Note against presentation or surrender, as the case may be, of such Global Note at the specified office of any Paying Agent. A record of each payment made against presentation or surrender of such Global Note, distinguishing between any payment of principal and any payment of interest, will be made on such Global Note by such Paying Agent and such record shall be *prima facie* evidence that the payment in question has been made.

(c) ***Payments in respect of Registered Notes***

Payments of principal in respect of each Registered Note (whether or not in global form) will be made against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the Registered Note at the specified office of the Registrar or any of the Paying Agents. Such payments will be made by transfer to the Designated Account (as defined below) of the holder (or the first named of joint holders) of the Registered Note appearing in the register of holders of the Registered Notes maintained by the Registrar (the "**Register**") (i) where in global form, at the close of the business day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business)

before the relevant due date, and (ii) where in definitive form, at the close of business on the third business day (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar is located) before the relevant due date. For these purposes, "**Designated Account**" means the account (which, in the case of a payment in Japanese yen to a non-resident of Japan, shall be a non-resident account) maintained by a holder with a Designated Bank and identified as such in the Register and "**Designated Bank**" means (in the case of payment in a Specified Currency other than euro and Renminbi (including the U.S. Dollar Equivalent of any amount due in Renminbi)) a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively); (in the case of a payment in euro) any bank which processes payments in euro; (in the case of payments in Renminbi) a bank in Hong Kong or (if any) any Additional Renminbi Clearing Financial Centre specified in the Pricing Supplement; and (in the case of payments of the U.S. Dollar Equivalent of the relevant Renminbi amount) any bank outside of the United States which processes payments in U.S. dollars.

Payments of interest and payments of principal in respect of each Registered Note (whether or not in global form) will be made by transfer on the due date to the Designated Account of the holder (or the first named of joint holders) of the Registered Note appearing in the Register (i) where in global form, at the close of the business day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business) before the relevant due date, and (ii) where in definitive form, at the close of business on the fifteenth day (whether or not such fifteenth day is a business day) before the relevant due date (the "**Record Date**"). Payment of the interest due in respect of each Registered Note on redemption will be made in the same manner as payment of the principal amount of such Registered Note.

No commissions or expenses shall be charged to the holders by the Registrar in respect of any payments of principal or interest in respect of Registered Notes.

None of the Issuer or the Principal Paying Agents will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

(d) ***General Provisions Applicable to Payments***

The holder of a Global Note shall be the only person entitled to receive payments in respect of Notes represented by such Global Note and the Issuer will be discharged by payment to, or to the order of, the holder of such Global Note in respect of each amount so paid. Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg as the beneficial holder of a particular nominal amount of Notes represented by such Global Note must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for his share of each payment so made by the Issuer to, or to the order of, the holder of such Global Note.

Notwithstanding the foregoing, if any amount of principal and/or interest in respect of Bearer Notes is payable in U.S. dollars (other than any U.S. Dollar Equivalent of an amount due in Renminbi), such U.S. dollar payments of principal and/or interest in respect of this Note will be made at the specified office of a Paying Agent in the United States if:

- (i) the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S. dollars at such specified offices outside the United States of the full amount of principal and interest on Bearer Notes in the manner provided above when due;
- (ii) payment of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. dollars; and

- (iii) such payment is then permitted under United States law without involving, in the opinion of the Issuer, adverse tax consequences to the Issuer.

(e) ***Payment Day***

If the date for payment of any amount in respect of any Note or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, "**Payment Day**" means:

- (i) if the currency of payment is euro, any day (except Saturday or Sunday) which is a TARGET Settlement Day and a day on which dealings in foreign currencies may be carried on in each (if any) Additional Financial Centre as specified in the applicable Pricing Supplement; or
- (ii) if the currency of payment is Renminbi, a day (except Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments of Renminbi and are open for general business (including dealing in foreign exchange and foreign currency deposits) in Hong Kong or (if any) an Additional Renminbi Clearing Financial Centre as specified in the applicable Pricing Supplement;
- (iii) if the currency of payment is not euro or Renminbi, any day (except Saturday or Sunday) which is a day on which dealings in foreign currencies may be carried on in the principal financial centre of the currency of payment and in each (if any) Additional Financial Centre as specified in the applicable Pricing Supplement; and
- (iv) in the case of Notes in definitive form only, any day (except Saturday or Sunday) which is a day on which banks in the relevant place of presentation are open for presentation and payment of bearer debt securities and for dealings in foreign currencies.

(f) ***Interpretation of Principal and Interest***

Any reference in these Terms and Conditions to principal in respect of the Notes shall be deemed to include, as applicable:

- (i) any additional amounts which may be payable with respect to principal under Condition 7;
- (ii) the Final Redemption Amount of the Notes;
- (iii) the Early Redemption Amount of the Notes;
- (iv) the Optional Redemption Amount(s) (if any) of the Notes;
- (v) in relation to Zero Coupon Notes, the Amortised Face Amount; and
- (vi) any premium and any other amounts which may be payable by the Issuer under or in respect of the Notes.

(g) ***Payment of U.S. Dollar Equivalent***

This paragraph (g) applies to Notes denominated in Renminbi (the "**Renminbi Notes**").

Notwithstanding the foregoing, if by reason of Inconvertibility, Non-transferability or Illiquidity, the Issuer is not able to satisfy payments of principal or interest (in whole or in part) in respect of Renminbi Notes when due in Renminbi, the Issuer may settle any such payment (in whole or in part) in U.S. dollars on the due date at the U.S. Dollar Equivalent of any such Renminbi amount. Upon the determination that a condition of Inconvertibility, Non-transferability or Illiquidity prevails, the Issuer shall no later than 10:00 a.m. (Hong Kong time) on the Rate Calculation Date, (i) notify the Calculation Agent and the Paying Agents, and (ii) notify the Noteholders in accordance with Condition 13 of such determination.

Any payment made in the U.S. Dollar Equivalent of a Renminbi amount under this Condition 5(g) will constitute valid payment, and will not constitute a default in respect of the Renminbi Notes.

For the purposes of these Conditions:

**"Governmental Authority"** means any *de facto* or *de jure* government (or any agency or instrumentality thereof), court, tribunal, administrative or other governmental authority or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) of Hong Kong or the PRC.

**"Illiquidity"** means the general Renminbi exchange market in Hong Kong becomes illiquid, other than as a result of an event of Inconvertibility or Non-transferability, as determined by the Issuer in good faith and in a commercially reasonable manner following consultation with two Renminbi Dealers, as a result of which the Issuer cannot, having used its reasonable endeavours, obtain sufficient Renminbi in order fully to satisfy its obligation to pay interest or principal (in whole or in part) in respect of the Renminbi Notes.

**"Inconvertibility"** means that the Issuer determines (in good faith and in a commercially reasonable manner) that it is impossible (where it had previously been possible) or, having used its reasonable endeavours, impracticable, for it to convert any amount due in respect of the Renminbi Notes in the general Renminbi exchange market in Hong Kong, other than where such impossibility or impracticability is due solely to the failure of the Issuer to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Issue Date and it is impossible or, having used its reasonable endeavours, impracticable for the Issuer, due to an event beyond its control, to comply with such law, rule or regulation).

**"Non-transferability"** means that the Issuer determines (in good faith and in a commercially reasonable manner) that it is impossible or, having used its reasonable endeavours, impracticable, for it to deliver Renminbi (i) between accounts inside Hong Kong or (ii) from an account outside Hong Kong to an account inside Hong Kong, other than where such impossibility or impracticability is due solely to the failure of the Issuer to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Issue Date and it is impossible or, having used its reasonable endeavours, impracticable for the Issuer, due to an event beyond its control, to comply with such law, rule or regulation).

**"PRC"** means the People's Republic of China.

**"Rate Calculation Business Day"** means a day (other than a Saturday or Sunday) on which commercial banks are open for general business (including dealings in foreign exchange) in Hong Kong and New York City.

**"Rate Calculation Date"** means the day which is two Rate Calculation Business Days before the due date of the relevant amount under these Conditions.

**"Renminbi"** or **"CNY"** means the official currency of the People's Republic of China.

**"Renminbi Dealer"** means an independent foreign exchange dealer of international repute active in the Renminbi exchange market in Hong Kong.

**"Spot Rate"** means, for a Rate Calculation Date, the spot USD/CNY exchange rate for the purchase of U.S. dollars with Renminbi in the over-the-counter Renminbi exchange market in Hong Kong, as determined by the Calculation Agent at or around 11.00 a.m. (Hong Kong time) on a deliverable basis by reference to Reuters Screen Page TRADCNY3, or if no such rate is available, on a non-deliverable basis by reference to Reuters Screen Page TRADNDF. If neither rate is available, the Calculation Agent will determine the spot rate at or around 11.00 a.m. (Hong Kong time) on the Rate Calculation Date as the most recently available USD/Renminbi official fixing rate for settlement on the due date for payment reported by the State Administration of Foreign Exchange of the PRC, which is reported on the Reuters Screen Page CNY=SAEC. Reference to a page on the Reuters Screen means the display page so designated on the Reuter Monitor Money Rates Service (or any successor service) or such other page as may replace that page for the purpose of displaying a comparable currency exchange rate.

"**U.S. Dollar Equivalent**" of a Renminbi amount means the relevant Renminbi amount converted into U.S. dollars using the Spot Rate for the relevant Rate Calculation Date as determined by the Calculation Agent at or around 11.00 a.m. (Hong Kong time) on the Rate Calculation Date.

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 5(g) by the Calculation Agent, will (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Agents and all Noteholders and Couponholders.

## **6. Redemption and Purchase**

### **(a) *At Maturity***

Unless previously redeemed or purchased and cancelled as specified below, each Note will be redeemed by the Issuer at its Final Redemption Amount specified in, or determined in the manner specified in, the applicable Pricing Supplement in the relevant Specified Currency on the Maturity Date.

### **(b) *Redemption at the Option of the Issuer (Issuer Call)***

If Issuer Call is specified in the applicable Pricing Supplement, the Issuer may, having given:

- (i) not less than 30 nor more than 60 days' notice (or such other period as is indicated in the applicable Pricing Supplement) to the Noteholders in accordance with Condition 13; and
- (ii) not less than 15 days before the giving of the notice referred to in (i), notice to the Principal Paying Agent,

(which notices shall be irrevocable), redeem all or some only of the Notes then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) specified in, or determined in the manner specified in, the applicable Pricing Supplement together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date. Any such redemption must be of a nominal amount equal to the Minimum Redemption Amount or a Maximum Redemption Amount. In the case of a partial redemption of Notes, the Notes to be redeemed ("**Redeemed Notes**") will be selected individually by lot, in the case of Redeemed Notes represented by definitive Notes, and in accordance with the rules of Euroclear and/or Clearstream, Luxembourg, in the case of Redeemed Notes represented by a Global Note, not more than 30 days prior to the date fixed for redemption (such date of selection being hereinafter called the "**Selection Date**"). In the case of Redeemed Notes represented by definitive Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 13 not less than 15 days prior to the date fixed for redemption. The aggregate nominal amount of Redeemed Notes represented by definitive Notes shall bear the same proportion to the aggregate nominal amount of all Redeemed Notes as the aggregate nominal amount of definitive Notes outstanding bears to the aggregate nominal amount of the Notes outstanding, in each case on the Selection Date, **provided that** such first mentioned nominal amount shall, if necessary, be rounded downwards to the nearest integral multiple of the Specified Denomination, and the aggregate nominal amount of Redeemed Notes represented by a Global Note shall be equal to the balance of the Redeemed Notes. No exchange of the relevant Global Note will be permitted during the period from and including the Selection Date to and including the date fixed for redemption pursuant to this paragraph (b) and notice to that effect shall be given by the Issuer to the Noteholders in accordance with Condition 13 at least 5 days prior to the Selection Date.

### **(c) *Redemption at the Option of the Noteholders (Investor Put)***

If Investor Put is specified in the applicable Pricing Supplement, upon the holder of any Note giving to the Issuer in accordance with Condition 13 not less than 30 nor more than 60 days' (or such other period as is indicated in the applicable Pricing Supplement) notice the Issuer will, upon the expiry of such notice, redeem, subject to, and in accordance with, the terms specified in the applicable Pricing Supplement, in whole (but not in part), such Note on the Optional Redemption Date and at the Optional Redemption Amount specified in, or determined in the manner specified in, the applicable Pricing

Supplement together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date.

If this Note is in definitive form, to exercise the right to require redemption of this Note the holder of this Note must deliver such Note at the specified office of any Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes) at any time during normal business hours of such Paying Agent or, as the case may be, the Registrar falling within the notice period, accompanied by a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent (a "**Put Notice**") and in which the holder must specify a bank account (or, if payment is to be made by cheque, an address) to which payment is to be made under this Condition and in the case of Registered Notes, the nominal amount thereof to be redeemed and, if less than the full nominal amount of the Registered Notes so surrendered is to be redeemed, an address to which a new Registered Note in respect of the balance of such Registered Notes is to be sent subject to and in accordance with the provisions of Condition 2(b). If this Note is in definitive bearer form, the Put Notice must be accompanied by this Note or evidence satisfactory to the Paying Agent concerned that this Note will, following delivery of the Put Notice, be held to its order or under its control.

Any Put Notice given by a holder of any Note pursuant to this paragraph shall be irrevocable except where prior to the due date of redemption an Event of Default shall have occurred and be continuing in which event such holder, at its option, may elect by notice to the Issuer to withdraw the notice given pursuant to this paragraph and instead to declare such Note forthwith due and payable pursuant to Condition 9.

(d) ***Early Redemption Amounts***

For the purpose of Condition 9, the Notes will be redeemed at the Early Redemption Amount calculated as follows:

- (i) in the case of Notes with a Final Redemption Amount equal to the Issue Price, at the Final Redemption Amount thereof;
- (ii) in the case of Notes (other than Zero Coupon Notes) with a Final Redemption Amount which is or may be less or greater than the Issue Price or which is payable in a Specified Currency other than that in which the Notes are denominated, at the amount specified in, or determined in the manner specified in, the applicable Pricing Supplement or, if no such amount or manner is so specified in the Pricing Supplement, at their nominal amount outstanding; or
- (iii) in the case of Zero Coupon Notes, at an amount (the "**Amortised Face Amount**") equal to the sum of:
  - (A) the Reference Price; and
  - (B) the product of the Accrual Yield (compounded annually) being applied to the Reference Price from (and including) the Issue Date to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable.

Where such calculation is to be made for a period which is not a whole number of years, it shall be made on the basis of a 360-day year consisting of 12 months of 30 days each or such other calculation basis as may be specified in the applicable Pricing Supplement.

(e) ***Purchases***

The Issuer, may at any time purchase Notes (**provided that**, in the case of definitive Bearer Notes, all unmatured Coupons appertaining thereto are purchased therewith) in any manner and at any price. Such Notes may be held, reissued, resold or, at the option of the Issuer, surrendered to any Paying Agent and/or the Registrar for cancellation.

(f) ***Cancellation***

All Notes which are redeemed or purchased and surrendered for cancellation pursuant to paragraph (e) above will forthwith be cancelled (together with all unmatured Coupons attached thereto or surrendered therewith at the time of redemption or purchase). All Notes so cancelled (together with all unmatured Coupons cancelled therewith) shall be forwarded to the Principal Paying Agent and cannot be reissued or resold.

(g) ***Late payment on Zero Coupon Notes***

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to paragraph (a), (b) or (c) above or upon its becoming due and repayable as provided in Condition 9 is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in paragraph (d)(iii) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of:

- (i) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and
- (ii) the date on which the full amount of the moneys payable has been received by the Principal Paying Agent or the Registrar and notice to that effect has been given to the Noteholders either in accordance with Condition 13 or individually.

**7. Taxation**

All payments of principal and interest in respect of the Notes and Coupons by the Issuer will be made free and clear of, and without withholding or deduction for or on account of any present or future taxes imposed by or within State of Israel or any authority therein or thereof having power to tax (together "Taxes") unless such withholding or deduction is required by law. In such event, the Issuer will pay such additional amounts as will result in receipt by the holders of the Notes or Coupons of such amounts as would have been received by them in respect of the Notes or Coupons, as the case may be, had no such withholding or deduction been required; except that no such additional amounts shall be payable with respect to any Note or Coupon:

- (i) presented for payment by or by a third party on behalf of a Noteholder or Couponholder who is liable for such Taxes in respect of such Note or Coupon by reason of his having some connection with State of Israel other than the mere holding of such Note or Coupon; or
- (ii) presented for payment more than 30 days after the Relevant Date (as defined herein) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on the last day of such period of 30 days.

As used herein, the "**Relevant Date**" means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Principal Paying Agent or the Registrar, as the case may be, on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 13.

**8. Prescription**

The Notes (whether in bearer or registered form) and Coupons (if any) will become void unless presented for payment within a period of seven years after the Relevant Date (as defined in Condition 7) therefor.

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition or Condition 5(b) or any Talon which would be void pursuant to Condition 5(b).

**9. Events of Default**

(a) ***Declaration of Acceleration***

If any of the following events (each an "**Event of Default**") occurs and is continuing:



- (i) default is made for more than 30 days in the payment of any amount in respect of any of the Notes; or
- (ii) default is made in the performance by the Issuer of any other obligation of the Issuer in respect of the Notes (other than any obligation for the payment of any amount due in respect of any of the Notes) and such default continues for a period of 60 days after written notification requiring such default to be remedied has been given to the Issuer by any Noteholder; or
- (iii) the Issuer declares a moratorium with respect to the payment of any amount in respect of any of the Notes,

then the holders of at least 25 per cent. in aggregate principal amount of the outstanding Notes may, by notice in writing to the Issuer (with a copy to the Principal Paying Agent), declare all the Notes to be immediately due and payable, whereupon they shall become immediately due and payable at the Early Redemption Amount (as described in Condition 6(d)) without further action or formality. Notice of any such declaration shall promptly be given to all other Noteholders by the Issuer.

(b) ***Withdrawal of Declaration of Acceleration***

If the Issuer receives notice in writing from holders of at least 50 per cent. in aggregate principal amount of the outstanding Notes to the effect that the Event of Default or Events of Default giving rise to any above mentioned declaration of acceleration is or are cured following any such declaration and that such holders wish the relevant declaration to be withdrawn, the Issuer shall, give notice thereof to the Noteholders (with a copy to the Principal Paying Agent), whereupon the relevant declaration shall be withdrawn and shall have no further effect but without prejudice to any rights or obligations which may have arisen before the Issuer gives such notice (whether pursuant to these Conditions or otherwise). No such withdrawal shall affect any other or any subsequent Event of Default or any right of any Noteholder in relation thereto.

**10. Replacement of Notes, Coupons and Talons**

Should any Note, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Principal Paying Agent (in the case of Bearer Notes or Coupons) or the Registrar or Transfer Agent (in the case of Registered Notes) upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Notes, Coupons or Talons must be surrendered before replacements will be issued.

**11. Principal Paying Agent, Paying Agents, Registrar and Transfer Agents**

The names of the initial Agent and the other initial Paying Agents and their initial specified offices are set out below.

The Issuer is entitled to vary or terminate the appointment of any Paying Agent and/or appoint additional or other Paying Agents and/or approve any change in the specified office through which any Paying Agent acts, **provided that:**

- (i) so long as the Notes are admitted to listing, trading and/or quotation by any competent listing authority, stock exchange, regulated market and/or quotation system, there will at all times be a Paying Agent (in the case of Bearer Notes) and a Transfer Agent (in the case of Registered Notes) with a specified office in such place as may be required by the rules and regulations of the relevant competent listing authority, stock exchange, regulated market and/or quotation system; and
- (ii) there will at all times be a Principal Paying Agent and a Registrar.

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in the final paragraph of Condition 5(b). Any variation, termination, appointment or change shall only take effect (other than in the case of insolvency, when it

shall be of immediate effect) after not less than 30 nor more than 45 days' prior notice thereof shall have been given to the Noteholders in accordance with Condition 13.

## 12. Exchange of Talons

On and after the Interest Payment Date, on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of the Principal Paying Agent or any other Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 8. Each Talon shall, for the purposes of these Terms and Conditions, be deemed to mature on the Fixed Interest Date or the Interest Payment Date (as the case may be) on which the final Coupon comprised in the relative Coupon sheet matures.

## 13. Notices

All notices regarding the Bearer Notes shall be published in a leading English language daily newspaper of general circulation in London. It is expected that such publication will be made in the *Financial Times* in London. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any other competent listing authority, stock exchange, regulated market and/or quotation system by which the Bearer Notes are for the time being listed including publication on the website of the relevant stock exchange or relevant authority if required by those rules. Any such notice will be deemed to have been given on the date of the first publication in both such newspapers.

All notices regarding the Registered Notes will be deemed to be validly given if sent by first class mail (or its equivalent) or (if posted to an address overseas) by airmail to the holders (or the first named of joint holders) at their respective addresses recorded in the Register and will be deemed to have been given on the fourth weekday (being a day other than a Saturday or Sunday) after the date of mailing and, in addition, for so long as any Registered Notes are listed on a stock exchange or are admitted to trading by another relevant authority and the rules of that stock exchange or relevant authority so require, such notice will be published on the website of the relevant stock exchange or relevant authority and/or in a daily newspaper of general circulation in the place or places required by those rules.

Until such time as any definitive Notes are issued, there may (**provided that**, in the case of Notes listed by a competent listing authority, stock exchange, regulated market and/or quotation system, the competent listing authority, stock exchange, regulated market and/or quotation system agrees), so long as the Global Note(s) is or are held in its/their entirety on behalf of Euroclear and Clearstream, Luxembourg, be substituted for such publication in such newspaper(s) or such websites the delivery of the relevant notice to Euroclear and Clearstream, Luxembourg for communication by them to the holders of the Notes. Any such notice shall be deemed to have been given to the holders of the Notes on the seventh day after the day on which the said notice was given to Euroclear and Clearstream, Luxembourg.

Notices to be given by any holder of the Notes shall be in writing and given by lodging the same, together with the relative Note or Notes, with the Principal Paying Agent. Whilst any of the Notes are represented by a Global Note, such notice may be given by any holder of a Note to the Principal Paying Agent or the Registrar via Euroclear and/or Clearstream, Luxembourg, as the case may be, in such manner as the Principal Paying Agent, the Registrar and Euroclear and/or Clearstream, Luxembourg, as the case may be, may approve for this purpose.

## 14. Meetings of Noteholders; Written Resolutions; Electronic Consents

### (a) *Convening Meetings of Noteholders; Conduct of Meetings of Noteholders*

(i) The Issuer may convene a meeting of the Noteholders at any time in respect of the Notes in accordance with the Agency Agreement. The Issuer will determine the time and place of the

meeting. The Issuer will notify the Noteholders of the time, place and purpose of the meeting not less than 21 and not more than 45 days before the meeting.

- (ii) The Issuer or the Principal Paying Agent will convene a meeting of Noteholders if the holders of at least 10 per cent. in principal amount of the outstanding Notes have delivered a written request to the Issuer or the Principal Paying Agent (with a copy to the Issuer) setting out the purpose of the meeting. The Principal Paying Agent will agree the time and place of the meeting with the Issuer promptly. The Issuer or the Principal Paying Agent, as the case may be, will notify the Noteholders within 10 days of receipt of such written request of the time and place of the meeting, which shall take place not less than 21 and not more than 45 days after the date on which such notification is given.
- (iii) The Issuer (with the agreement of the Principal Paying Agent) will set the procedures governing the conduct of any meeting in accordance with the Agency Agreement. If the Agency Agreement does not include such procedures, or additional procedures are required, the Issuer and the Principal Paying Agent will agree such procedures as are customary in the market and in such a manner as to facilitate any multiple series aggregation, if in relation to a Reserved Matter the Issuer proposes any modification to the terms and conditions of, or action with respect to, two or more series of debt securities issued by it.
- (iv) The notice convening any meeting will specify, *inter alia*;
  - (A) the date, time and location of the meeting;
  - (B) the agenda and the text of any Extraordinary Resolution to be proposed for adoption at the meeting;
  - (C) the record date for the meeting, which shall be no more than five business days before the date of the meeting;
  - (D) the documentation required to be produced by a Noteholder in order to be entitled to participate at the meeting or to appoint a proxy to act on the Noteholder's behalf at the meeting;
  - (E) any time deadline and procedures required by any relevant international and/or domestic clearing systems or similar through which the Notes are traded and/or held by Noteholders;
  - (F) whether paragraph (b) below, or paragraph (c) below, or paragraph (d) below shall apply and, if relevant, in relation to which other series of debt securities it applies;
  - (G) if the proposed modification or action relates to two or more series of debt securities issued by it and contemplates such series of debt securities being aggregated in more than one group of debt securities, a description of the proposed treatment of each such group of debt securities;
  - (H) such information that is required to be provided by the Issuer in accordance with paragraph (f) below;
  - (I) the identity of the Aggregation Agent (as defined in these Conditions) and the Calculation Agent, if any, for any proposed modification or action to be voted on at the meeting, and the details of any applicable methodology referred to in paragraph (g) below; and
  - (J) any additional procedures which may be necessary and, if applicable, the conditions under which a multiple series aggregation will be deemed to have been satisfied if it is approved as to some but not all of the affected series of debt securities.
- (v) A "**record date**" in relation to any proposed modification or action means the date fixed by the Issuer for determining the Noteholders and, in the case of a multiple series aggregation, the holders of debt securities of each other affected series that are entitled to vote on a

Multiple Series Single Limb Extraordinary Resolution or a Multiple Series Two Limb Extraordinary Resolution, or to sign a Multiple Series Single Limb Written Resolution or a Multiple Series Two Limb Written Resolution.

- (vi) An "**Extraordinary Resolution**" means any of a Single Series Extraordinary Resolution, a Multiple Series Single Limb Extraordinary Resolution and/or a Multiple Series Two Limb Extraordinary Resolution, as the case may be.
- (vii) A "**Written Resolution**" means any of a Single Series Written Resolution, a Multiple Series Single Limb Written Resolution and/or a Multiple Series Two Limb Written Resolution, as the case may be.
- (viii) Any reference to "**debt securities**" means any notes (including the Notes), bonds, debentures or other debt securities issued by the Issuer in one or more series with an original stated maturity of more than one year.
- (ix) "**Debt Securities Capable of Aggregation**" means those debt securities which include or incorporate by reference this Condition 14 and Condition 14A or provisions substantially in these terms which provide for the debt securities which include such provisions to be capable of being aggregated for voting purposes with other series of debt securities.

(b) ***Modification of this Series of Notes only***

- (i) Any modification of any provision of, or any action in respect of, these Conditions or the Agency Agreement in respect of the Notes may be made or taken if approved by a Single Series Extraordinary Resolution or a Single Series Written Resolution as set out below.
- (ii) A "**Single Series Extraordinary Resolution**" means a resolution passed at a meeting of Noteholders duly convened and held in accordance with the procedures prescribed by the Issuer and the Principal Paying Agent pursuant to paragraph (a) above by a majority of:
  - (A) in the case of a Reserved Matter, at least 75 per cent. of the aggregate principal amount of the outstanding Notes; or
  - (B) in the case of a matter other than a Reserved Matter, more than 50 per cent. of the aggregate principal amount of the outstanding Notes.
- (iii) A "**Single Series Written Resolution**" means a resolution in writing signed or confirmed in writing by or on behalf of the holders of:
  - (A) in the case of a Reserved Matter, at least 75 per cent. of the aggregate principal amount of the outstanding Notes; or
  - (B) in the case of a matter other than a Reserved Matter more than 50 per cent. of the aggregate principal amount of the outstanding Notes.

Any Single Series Written Resolution may be contained in one document or several documents in the same form, each signed or confirmed in writing by or on behalf of one or more Noteholders.

- (iv) Any Single Series Extraordinary Resolution duly passed or Single Series Written Resolution approved shall be binding on all Noteholders, whether or not they attended any meeting, whether or not they voted in favour thereof and whether or not they signed or confirmed in writing any such Single Series Written Resolution, as the case may be, and on all Couponholders.

(c) ***Multiple Series Aggregation – Single limb voting***

- (i) In relation to a proposal that includes a Reserved Matter, any modification to the terms and conditions of, or any action with respect to, two or more series of Debt Securities Capable of Aggregation may be made or taken if approved by a Multiple Series Single Limb

Extraordinary Resolution or by a Multiple Series Single Limb Written Resolution as set out below, provided that the Uniformly Applicable condition is satisfied.

- (ii) A "**Multiple Series Single Limb Extraordinary Resolution**" means a resolution considered at separate meetings of the holders of each affected series of Debt Securities Capable of Aggregation, duly convened and held in accordance with the procedures prescribed by the Issuer and the Principal Paying Agent pursuant to paragraph (a) above, as supplemented if necessary, which is passed by a majority of at least 75 per cent. of the aggregate principal amount of the outstanding debt securities of all affected series of Debt Securities Capable of Aggregation (taken in aggregate).
- (iii) A "**Multiple Series Single Limb Written Resolution**" means each resolution in writing (with a separate resolution in writing or multiple separate resolutions in writing distributed to the holders of each affected series of Debt Securities Capable of Aggregation, in accordance with the applicable bond documentation) which, when taken together, has been signed or confirmed in writing by or on behalf of the holders of at least 75 per cent. of the aggregate principal amount of the outstanding debt securities of all affected series of Debt Securities Capable of Aggregation (taken in aggregate). Any Multiple Series Single Limb Written Resolution may be contained in one document or several documents in substantially the same form, each signed or confirmed in writing by or on behalf of one or more Noteholders or one or more holders of each affected series of debt securities.
- (iv) Any Multiple Series Single Limb Extraordinary Resolution duly passed or Multiple Series Single Limb Written Resolution approved shall be binding on all Noteholders and holders of each other affected series of Debt Securities Capable of Aggregation, whether or not they attended any meeting, whether or not they voted in favour thereof, whether or not any other holder or holders of the same series voted in favour thereof and whether or not they signed or confirmed in writing any such Multiple Series Single Limb Written Resolution, as the case may be, and on all Couponholders and couponholders of each other affected series of Debt Securities Capable of Aggregation.
- (v) The "**Uniformly Applicable**" condition will be satisfied if:
  - (A) the holders of all affected series of Debt Securities Capable of Aggregation are invited to exchange, convert, or substitute their debt securities, on the same terms, for (i) the same new instrument or other consideration or (ii) a new instrument, new instruments or other consideration from an identical menu of instruments or other consideration; or
  - (B) the amendments proposed to the terms and conditions of each affected series of Debt Securities Capable of Aggregation would, following implementation of such amendments, result in the amended instruments having identical provisions (other than provisions which are necessarily different, having regard to different currency of issuance).
- (vi) It is understood that a proposal under paragraph (i) above will not be considered to satisfy the Uniformly Applicable condition if each exchanging, converting, substituting or amending holder of each affected series of Debt Securities Capable of Aggregation is not offered the same amount of consideration per amount of principal, the same amount of consideration per amount of interest accrued but unpaid and the same amount of consideration per amount of past due interest, respectively, as that offered to each other exchanging, converting, substituting or amending holder of each affected series of Debt Securities Capable of Aggregation (or, where a menu of instruments or other consideration is offered, each exchanging, converting, substituting or amending holder of each affected series of Debt Securities Capable of Aggregation is not offered the same amount of consideration per amount of principal, the same amount of consideration per amount of interest accrued but unpaid and the same amount of consideration per amount of past due interest, respectively, as that offered

to each other exchanging, converting, substituting or amending holder of each affected series of Debt Securities Capable of Aggregation electing the same option from such menu of instruments).

- (vii) Any modification or action proposed under paragraph (i) above may be made in respect of some series only of the Debt Securities Capable of Aggregation and, for the avoidance of doubt, the provisions described in this paragraph (c) may be used for different groups of two or more series of Debt Securities Capable of Aggregation simultaneously.

(d) ***Multiple Series Aggregation – Two limb voting***

- (i) In relation to a proposal that includes a Reserved Matter, any modification to the terms and conditions of, or any action with respect to, two or more series of Debt Securities Capable of Aggregation may be made or taken if approved by a Multiple Series Two Limb Extraordinary Resolution or by a Multiple Series Two Limb Written Resolution as set out below.
- (ii) A "**Multiple Series Two Limb Extraordinary Resolution**" means a resolution considered at separate meetings of the holders of each affected series of Debt Securities Capable of Aggregation, duly convened and held in accordance with the procedures prescribed by the Issuer and the Principal Paying Agent pursuant to paragraph (a) above, as supplemented if necessary, which is passed by a majority of:
  - (A) at least 66⅔ per cent. of the aggregate principal amount of the outstanding debt securities of affected series of Debt Securities Capable of Aggregation (taken in aggregate); and
  - (B) more than 50 per cent. of the aggregate principal amount of the outstanding debt securities in each affected series of Debt Securities Capable of Aggregation (taken individually).
- (iii) A "**Multiple Series Two Limb Written Resolution**" means each resolution in writing (with a separate resolution in writing or multiple separate resolutions in writing distributed to the holders of each affected series of Debt Securities Capable of Aggregation, in accordance with the applicable bond documentation) which, when taken together, has been signed or confirmed in writing by or on behalf of the holders of:
  - (A) at least 66⅔ per cent. of the aggregate principal amount of the outstanding debt securities of all the affected series of Debt Securities Capable of Aggregation (taken in aggregate); and
  - (B) more than 50 per cent. of the aggregate principal amount of the outstanding debt securities in each affected series of Debt Securities Capable of Aggregation (taken individually).

Any Multiple Series Two Limb Written Resolution may be contained in one document or several documents in substantially the same form, each signed or confirmed in writing by or on behalf of one or more Noteholders or one or more holders of each affected series of Debt Securities Capable of Aggregation.

- (iv) Any Multiple Series Two Limb Extraordinary Resolution duly passed or Multiple Series Two Limb Written Resolution approved shall be binding on all Noteholders and holders of each other affected series of Debt Securities Capable of Aggregation, whether or not they attended any meeting, whether or not they voted in favour thereof, whether or not any other holder or holders of the same series voted in favour thereof and whether or not they signed or confirmed in writing any such Multiple Series Two Limb Written Resolution, as the case may be, and on all Couponholders and couponholders of each other affected series of Debt Securities Capable of Aggregation.
- (v) Any modification or action proposed under paragraph (i) above may be made in respect of some series only of the Debt Securities Capable of Aggregation and, for the avoidance of

doubt, the provisions described in this paragraph (d) may be used for different groups of two or more series of Debt Securities Capable of Aggregation simultaneously.

(e) **Reserved Matters**

In these Conditions, "**Reserved Matter**" means any proposal:

- (i) to change the date, or the method of determining the date, for payment of principal, interest or any other amount in respect of the Notes, to reduce or cancel the amount of principal, interest or any other amount payable on any date in respect of the Notes or to change the method of calculating the amount of principal, interest or any other amount payable in respect of the Notes on any date;
- (ii) to change the currency in which any amount due in respect of the Notes is payable or the place in which any payment is to be made;
- (iii) to change the majority required to pass an Extraordinary Resolution, a Written Resolution or any other resolution of Noteholders or the number or percentage of votes required to be cast, or the number or percentage of Notes required to be held, in connection with the taking of any decision or action by or on behalf of the Noteholders or any of them;
- (iv) to change this definition, or the definition of "Extraordinary Resolution", "Single Series Extraordinary Resolution", "Multiple Series Single Limb Extraordinary Resolution", "Multiple Series Two Limb Extraordinary Resolution", "Written Resolution", "Single Series Written Resolution", "Multiple Series Single Limb Written Resolution" or "Multiple Series Two Limb Written Resolution";
- (v) to change the definition of "debt securities" or "Debt Securities Capable of Aggregation";
- (vi) to change the definition of "Uniformly Applicable";
- (vii) to change the definition of "outstanding";
- (viii) to change the legal ranking of the Notes;
- (ix) to change any provision of the Notes describing circumstances in which Notes may be declared due and payable prior to their scheduled maturity date, set out in Condition 9 if any;
- (x) to change the law governing the Notes, the courts to the jurisdiction of which the Issuer has submitted in the Notes, any of the arrangements specified in the Notes to enable proceedings to be taken or the Issuer's waiver of immunity, in respect of actions or proceedings brought by any Noteholder, set out in Condition 16;
- (xi) to impose any condition on or otherwise change the Issuer's obligation to make payments of principal, interest or any other amount in respect of the Notes, including by way of the addition of a call option;
- (xii) to modify the provisions of this paragraph (e);
- (xiii) except as permitted by any related guarantee or security agreement, to release any agreement guaranteeing or securing payments under the Notes or to change the terms of any such guarantee or security;
- (xiv) to exchange or substitute all the Notes for, or convert all the Notes into, other obligations or securities of the Issuer or any other person, or to modify any provision of these Conditions in connection with any exchange or substitution of the Notes for, or the conversion of the Notes into, any other obligations or securities of the Issuer or any other person, which would result in the Conditions as so modified being less favourable to the Noteholders which are subject to the Conditions as so modified than:
  - (A) the provisions of the other obligations or debt securities of the Issuer or any other person resulting from the relevant exchange or substitution or conversion; or

- (B) if more than one series of other obligations or debt securities results from the relevant exchange or substitution or conversion, the provisions of the resulting series of debt securities having the largest aggregate principal amount.

(f) ***Information***

Prior to or on the date that the Issuer proposes any Extraordinary Resolution or Written Resolution pursuant to paragraph (b), paragraph (c) or paragraph (d) above, the Issuer shall publish in accordance with Condition 14A, and provide the Principal Paying Agent with the following information:

- (i) a description of the Issuer's economic and financial circumstances which are, in the Issuer's opinion, relevant to the request for any potential modification or action, a description of the Issuer's existing debts and a description of its broad policy reform programme and provisional macroeconomic outlook;
- (ii) if the Issuer shall at the time have entered into an arrangement for financial assistance with multilateral and/or other major creditors or creditor groups and/or an agreement with any such creditors regarding debt relief, a description of any such arrangement or agreement. Where permitted under the information disclosure policies of the multilateral or such other creditors, as applicable, copies of the arrangement or agreement shall be provided;
- (iii) a description of the Issuer's proposed treatment of external debt securities that fall outside the scope of any multiple series aggregation and its intentions with respect to any other debt securities and its other major creditor groups; and
- (iv) if any proposed modification or action contemplates debt securities being aggregated in more than one group of debt securities, a description of the proposed treatment of each such group, as required for a notice convening a meeting of the Noteholders in paragraph (a)(iv)(G) above.

(g) ***Claims Valuation***

For the purpose of calculating the par value of the Notes and any affected series of debt securities which are to be aggregated with the Notes in accordance with paragraph (c) and paragraph (d) above, the Issuer may appoint a Calculation Agent. The Issuer shall, with the approval of the Aggregation Agent and any appointed Calculation Agent, promulgate the methodology in accordance with which the par value of the Notes and such affected series of debt securities will be calculated. In any such case where a Calculation Agent is appointed, the same person will be appointed as the Calculation Agent for the Notes and each other affected series of debt securities for these purposes, and the same methodology will be promulgated for each affected series of debt securities.

(h) ***Manifest error, etc.***

The Notes, these Conditions and the provisions of the Agency Agreement may be amended without the consent of the Noteholders or the Couponholders to correct a manifest error. In addition, the parties to the Agency Agreement may agree to modify any provision thereof, but the Issuer shall not agree, without the consent of the Noteholders, to any such modification unless it is of a formal, minor or technical nature, is to comply with mandatory provisions of the laws of the State of Israel or it is not materially prejudicial to the interests of the Noteholders.

(i) ***Notes controlled by the Issuer***

In advance of any meeting of Noteholders, or in connection with any Written Resolution, the Issuer shall provide to the Principal Paying Agent a copy of the certificate prepared pursuant to paragraph (d) of Condition 14A, which includes information on the total number of Notes which are for the time being held by any person (including but not limited to the Issuer) for the benefit of the Issuer and, as such, such Notes shall be disregarded and deemed not to remain outstanding for the purposes of ascertaining the right to attend and vote at any meeting of Noteholders or the right to sign, or authorise the signature of, any Written Resolution in respect of any such meeting. The Principal Paying Agent shall make any such certificate available for inspection during normal business hours at its Specified Office and, upon reasonable request, will allow copies of such certificate to be taken.



(j) **Publication**

All Extraordinary Resolutions and Written Resolutions which have been determined by the Aggregation Agent to have been duly passed shall be published in accordance with the provisions of the Agency Agreement.

(k) **Exchange and Conversion**

Any Extraordinary Resolutions or Written Resolutions which have been duly passed and which modify any provision of, or action in respect of, the Conditions may be implemented at the Issuer's option by way of a mandatory exchange or conversion of the Notes and each other affected series of debt securities, as the case may be, into new debt securities containing the modified terms and conditions if the proposed mandatory exchange or conversion of the Notes is notified to Noteholders at the time notification is given to the Noteholders as to the proposed modification or action. Any such exchange or conversion shall be binding on all Noteholders and Couponholders.

(l) **Written Resolutions and Electronic Consents**

A Written Resolution may be contained in one document or in several documents in like form, each signed by or on behalf of one or more of the Noteholders.

For so long as any Notes are in the form of a Global Note held on behalf of one or more of Euroclear, Clearstream, Luxembourg or any other clearing system (the "**relevant clearing system(s)**"), then:

(i) Approval of a resolution proposed by the Issuer given by way of electronic consent communicated through the electronic communications systems of the relevant clearing system(s) in accordance with their operating rules and procedures (i) by or on behalf of all Noteholders who for the time being are entitled to receive notice of a meeting of Noteholders or (ii) (where such holders have been given at least 21 days' notice of such resolution) by or on behalf of:

(A) in respect of a proposal that falls within paragraphs (b)(ii) and (b)(iii) above, the persons holding at least 75 per cent. of the aggregate principal amount of the outstanding Notes in the case of a Reserved Matter or more than 50 per cent. of the aggregate principal amount of the outstanding Notes, in the case of a matter other than a Reserved Matter;

(B) in respect of a proposal that falls within paragraphs (c)(ii) and (c)(iii) above, the persons holding at least 75 per cent. of the aggregate principal amount of the outstanding debt securities of all affected series of Debt Securities Capable of Aggregation (taken in aggregate);

(C) in respect of a proposal that falls within paragraphs (d)(ii) and (d)(iii) above, (x) the persons holding at least 66⅔ per cent. of the aggregate principal amount of the outstanding debt securities of all affected series of Debt Securities Capable of Aggregation (taken in aggregate); and (y) the persons holding more than 50 per cent. of the aggregate principal amount of the outstanding debt securities in each affected series of Debt Securities Capable of Aggregation (taken individually),

(in the case of paragraphs (A) and (B) above, each an "**Electronic Consent**") shall, for all purposes (including Reserved Matters) take effect as (i) a Single Series Extraordinary Resolution (in the case of paragraph (A) above), (ii) a Multiple Series Single Limb Extraordinary Resolution (in the case of paragraph (B) above) or (iii) a Multiple Series Two Limb Extraordinary Resolution (in the case of paragraph (C) above), as applicable.

The notice given to Noteholders shall specify, in sufficient detail to enable Noteholders to give their consents in relation to the proposed resolution, the method by which their consents may be given (including, where applicable, blocking of their accounts in the relevant clearing system(s)) and the time and date (the "**Relevant Date**") by which they must be received in

order for such consents to be validly given, in each case subject to and in accordance with the operating rules and procedures of the relevant clearing system(s).

If, on the Relevant Date on which the consents in respect of an Electronic Consent are first counted, such consents do not represent the required proportion for approval, the resolution shall, if the party proposing such resolution (the "**Proposer**") so determines, be deemed to be defeated. Alternatively, the Proposer may give a further notice to Noteholders that the resolution will be proposed again on such date and for such period as shall be agreed with the Issuer (unless the Issuer is the Proposer). Such notice must inform Noteholders that insufficient consents were received in relation to the original resolution and the information specified in the previous paragraph. For the purpose of such further notice, references to "**Relevant Date**" shall be construed accordingly.

For the avoidance of doubt, an Electronic Consent may only be used in relation to a resolution proposed by the Issuer which is not then the subject of a meeting that has been validly convened above, unless that meeting is or shall be cancelled or dissolved.

- (ii) Where Electronic Consent has not been sought, for the purposes of determining whether a Written Resolution has been validly passed, the Issuer shall be entitled to rely on consent or instructions given in writing directly to the Issuer (a) by accountholders in the relevant clearing system(s) with entitlements to any Global Note and/or (b) where the accountholders hold any such entitlement on behalf of another person, on written consent from or written instruction by the person identified by that accountholder as the person for whom such entitlement is held. For the purpose of establishing the entitlement to give any such consent or instruction, the Issuer shall be entitled to rely on any certificate or other document issued by, in the case of (a) above, the relevant clearing system(s) and, in the case of (b) above, the relevant clearing system(s) and the accountholder identified by the relevant clearing system(s). Any such certificate or other document (i) shall be conclusive and binding for all purposes and (ii) may comprise any form of statement or print out of electronic records provided by the relevant clearing system (including Euroclear's EUCLID or Clearstream, Luxembourg's CreationOnline system) in accordance with its usual procedures and in which the accountholder of a particular principal or nominal amount of the Notes is clearly identified together with the amount of such holding. The Issuer shall not be liable to any person by reason of having accepted as valid or not having rejected any certificate or other document to such effect purporting to be issued by any such person and subsequently found to be forged or not authentic.

All information to be provided pursuant to paragraph (a)(iv) above shall also be provided, *mutatis mutandis*, in respect of Written Resolutions and Electronic Consents.

A Written Resolution and/or Electronic Consent (i) shall take effect as an Extraordinary Resolution and (ii) will be binding on all Noteholders and holders of Coupons and Talons, whether or not they participated in such Written Resolution and/or Electronic Consent, even if the relevant consent or instruction proves to be defective.

#### **14A. Aggregation Agent; Aggregation Procedures**

##### **(a) *Appointment***

The Issuer will appoint an aggregation agent ("**Aggregation Agent**") to calculate whether a proposed modification or action has been approved by the required principal amount outstanding of Notes, and, in the case of a multiple series aggregation, by the required principal amount of outstanding debt securities of each affected series of debt securities. In the case of a multiple series aggregation, the same person will be appointed as the Aggregation Agent for the proposed modification of any provision of, or any action in respect of, these Conditions or the Agency Agreement in respect of the Notes and in respect of the terms and conditions or bond documentation in respect of each other affected series of debt securities. The Aggregation Agent shall be independent of the Issuer.

(b) ***Extraordinary Resolutions***

If an Extraordinary Resolution has been proposed at a duly convened meeting of Noteholders to modify any provision of, or action in respect of, these Conditions and other affected series of debt securities, as the case may be, the Aggregation Agent will, as soon as practicable after the time the vote is cast, calculate whether holders of a sufficient portion of the aggregate principal amount of the outstanding Notes and, where relevant, each other affected series of debt securities, have voted in favour of the Extraordinary Resolution such that the Extraordinary Resolution is passed. If so, the Aggregation Agent will determine that the Extraordinary Resolution has been duly passed.

(c) ***Written Resolutions***

If a Written Resolution has been proposed under the terms of these Conditions to modify any provision of, or action in respect of, these Conditions and the terms and conditions of other affected series of debt securities, as the case may be, the Aggregation Agent will, as soon as reasonably practicable after the relevant Written Resolution has been signed or confirmed in writing, calculate whether holders of a sufficient portion of the aggregate principal amount of the outstanding Notes and, where relevant, each other affected series of debt securities, have signed or confirmed in writing in favour of the Written Resolution such that the Written Resolution is passed. If so, the Aggregation Agent will determine that the Written Resolution has been duly passed.

(d) ***Certificate***

For the purposes of paragraph (b) and paragraph (c) above, the Issuer will provide a certificate to the Aggregation Agent up to three days prior to, and in any case no later than, with respect to an Extraordinary Resolution, the date of the meeting referred to in Condition 14(b), 14(c) or 14(d), as applicable, and, with respect to a Written Resolution, the date arranged for the signing of the Written Resolution.

The certificate shall:

- (i) list the total principal amount of Notes and, in the case of a multiple series aggregation, the total principal amount of each other affected series of debt securities outstanding on the record date; and
- (ii) clearly indicate the Notes and, in the case of a multiple series aggregation, debt securities of each other affected series of debt securities which shall be disregarded and deemed not to remain outstanding on the record date identifying the holders of the Notes and, in the case of a multiple series aggregation, debt securities of each other affected series of debt securities.

The Aggregation Agent may rely upon the terms of any certificate, notice, communication or other document believed by it to be genuine.

(e) ***Notification***

The Aggregation Agent will cause each determination made by it for the purposes of this Condition 14A to be notified to the Principal Paying Agent and the Issuer as soon as practicable after such determination. Notice thereof shall also promptly be given to the Noteholders.

(f) ***Binding nature of determinations; no liability***

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 14A by the Aggregation Agent and any appointed Calculation Agent will (in the absence of manifest error) be binding on the Issuer, the Principal Paying Agent, the Noteholders and the Couponholders and (subject as aforesaid) no liability to any such person will attach to the Aggregation Agent or the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.

## **15. Further Issues**

The Issuer shall be at liberty from time to time without the consent of the Noteholders or Couponholders to create and issue further notes having terms and conditions the same as the Notes or the same in all respects save for the amount and date of the first payment of interest thereon and so that the same shall be consolidated and form a single Series with the outstanding Notes.

## **16. Governing Law and Submission to Jurisdiction**

- (a) The Agency Agreement, the Deed of Covenant, the Notes and the Coupons and all non-contractual obligations arising therefrom are governed by English law.
- (b) The Issuer agrees, for the exclusive benefit of the Paying Agents, the Noteholders and the Couponholders that the courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Agency Agreement, the Notes and/or the Coupons (including a dispute relating to their existence, validity or termination or any non-contractual obligation arising out of or in connection with them) or the consequence of their nullity and that accordingly any suit, action or proceedings (together referred to as "**Proceedings**") arising out of or in connection with the Agency Agreement, the Notes and/or the Coupons and any non-contractual obligation arising out of or in connection with them may be brought in such courts.

The Issuer hereby irrevocably waives any objection which it may have now or hereafter to the laying of the venue of any such Proceedings in any such court and any claim that any such Proceedings have been brought in an inconvenient forum and hereby further irrevocably agrees that a judgment in any such Proceedings brought in the English courts shall be conclusive and binding upon it and may be enforced in the courts of any other jurisdiction.

Nothing contained in this Condition shall limit any right to take Proceedings against the Issuer in any other court of competent jurisdiction, nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction, whether concurrently or not.

The Issuer appoints the Embassy of Israel in the United Kingdom whose address is 2 Palace Green, London W8 4QB as its agent for service of process, (with a copy to the Ministry of Finance, Accountant General's Office, 1 Kaplan Street/Hakiria, POB13185, Jerusalem 91131, Israel) and undertakes that, in the event of such person ceasing so to act or ceasing to be effectively appointed to accept service of process on the Issuer's behalf, it will appoint another person as its agent for service of process in England in respect of any Proceedings.

Nothing herein shall affect the right to serve proceedings in any other manner permitted by law.

The Issuer hereby irrevocably and unconditionally agrees not to claim with respect to the Agency Agreement, the Notes and/or the Coupons any right to sovereign or other immunity from jurisdiction or execution and any similar defence and irrevocably and unconditionally consents to the giving of any relief or the issue of any process, including without limitation, the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment made or given in connection with any proceedings.

Notwithstanding the foregoing, under the laws of State of Israel, the funds, assets, rights and general property of the Issuer located in State of Israel are immune from execution and attachment and any process in the nature thereof and the foregoing waiver shall not constitute a waiver of such immunity or of any immunity from execution or attachment or process in the nature thereof with respect to the premises of the Issuer's diplomatic missions in any jurisdiction outside State of Israel or with respect to the assets of the Issuer necessary for the proper functioning of the Issuer as a sovereign power.

## **17. Third Party Rights**

No person shall have any right under the Contract (Rights of Third Parties) Act 1999 to enforce any term or condition of the Notes, but this does not affect any right or remedy of any person which exists or is available apart from under that Act.



**THE ISSUER**

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**PRINCIPAL PAYING AGENT AND TRANSFER AGENT**

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**DEALERS**

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**Morgan Stanley & Co. International plc**  
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**ARRANGER**

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**LEGAL ADVISERS**

*To the Issuer as to English law*

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England

*To the Dealers as to English law*

**Linklaters LLP**  
One Silk Street  
London EC2Y 8HQ  
England

**SUPPLEMENT DATED 24 APRIL 2020 TO THE BASE PROSPECTUS  
DATED 17 JULY 2019**



**STATE OF ISRAEL**

**€20,000,000,000 (increased from €12,000,000,000)**

**Euro Medium Term Note Programme**

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This supplemental base prospectus (the "**Supplement**") supplements the base prospectus dated 17 July 2019 (the "**Base Prospectus**") prepared for the purpose of giving information with regard to the issue of notes ("**Notes**") under the Euro Medium Term Note Programme (the "**Programme**") of State of Israel (the "**Issuer**", "**Israel**" or the "**State of Israel**"). Terms and phrases which are defined in the Base Prospectus have the same meaning when used in this Supplement.

The purpose of this Supplement is to (a) increase the maximum aggregate nominal amount of Notes that may be issued and outstanding from time to time under the Programme (the "**Programme Limit**") to take effect from the date of this Supplement, from the current limit of €12,000,000,000 to €20,000,000,000 (or its equivalent in other currencies), subject to further increase as described in the Programme Agreement dated 10 September 1996, as amended and restated by an Amendment and Restatement Agreement (Programme Agreement) dated 17 July 2019 (as modified and/or supplemented and/or restated from time to time); (b) incorporate by reference into the Base Prospectus the Amendment No. 1 (the "**Amendment No. 1**") to the Issuer's Annual Report on Form 18-K (the "**Form 18-K**") to the United States Securities and Exchange Commission (the "**SEC**"); (c) incorporate by reference into the Base Prospectus the Amendment No. 3 (the "**Amendment No. 3**") to the Form 18-K to the SEC; (d) include an additional risk factor in relation to the global coronavirus pandemic; and (e) revise the summary contained in the Base Prospectus to reflect the updated disclosure in the Amendment No. 1, the Amendment No. 3 and the additional risk factor.

With effect from the date of this Supplement, the Base Prospectus shall be amended and/or supplemented as follows:

**Information Incorporated by Reference**

On 28 June 2019, the Issuer published its Form 18-K for the fiscal year ended 31 December 2018. Information in Exhibit D to the Form 18-K is incorporated in, and forms part of, the Base Prospectus.

On 6 January 2020, the Issuer filed the Amendment No. 1 with the SEC and on 31 March 2020, the Issuer filed the Amendment No. 3 with the SEC. The Amendment No. 1 and the Amendment No. 3 each updates the description of the State of Israel previously included in Exhibit D to the Form 18-K.

By virtue of this Supplement, each of (i) the section "*Recent Developments*" on pages D-1 to D-8 (inclusive) of the Amendment No. 1; and (ii) the section "*Recent Developments*" at Exhibit D-2 of the Amendment No. 3, shall be incorporated in, and form part of, the Base Prospectus and the section entitled "*Information Incorporated by Reference*" beginning on page 10 of the Base Prospectus shall be deemed to be updated accordingly.

The Amendment No. 1 and the Amendment No. 3 have each been filed with the United Kingdom Financial Conduct Authority (the "**FCA**") and can be obtained without charge from the Ministry of Finance of Israel at its office set out at the end of the Base Prospectus and from the specified office of the Agent and electronic copies will be available for inspection on the website of the Regulatory News Service operated by the London Stock Exchange at [www.londonstockexchange.com/exchange/news/marketnews/market-news-home.html](http://www.londonstockexchange.com/exchange/news/marketnews/market-news-home.html).



If documents which are incorporated by reference themselves incorporate any information or other documents therein, either expressly or implicitly, such information or other documents will not form part of this Supplement for the purposes of the Prospectus Directive except where such information or other documents are specifically incorporated by reference or attached to this Supplement. When used in this Supplement, Prospectus Directive means Directive 2003/71/EC (as amended or superseded).

### **Risk Factors**

The following section shall be included on page 12 of the Base Prospectus after the section entitled: "*Israel's access to credit is affected by external factors such as regional and international political and economic conditions*":

***The worldwide economic effects of the outbreak of the coronavirus (COVID-19) could adversely affect Israel's economy***

In December 2019, the emergence of a new strain of the coronavirus (COVID-19) was reported in Wuhan, Hubei Province, China that has subsequently spread throughout the world, including Israel. On 30 January 2020 the World Health Organization declared coronavirus (COVID-19) a public health emergency of international concern and on 11 March 2020 the World Health Organization declared coronavirus (COVID-19) a global pandemic. The coronavirus (COVID-19) outbreak is currently having an adverse impact on the global economy, the severity and duration of which is difficult to predict as at 24 April 2020.

To prevent the spread of coronavirus (COVID-19), Israel has imposed travel restrictions and mandatory self-quarantining, closed schools and universities, and prohibited gatherings of more than 10 people. On 14 March 2020, the Prime Minister announced additional restrictions on economic activity, including the closure of educational institutions, leisure activities, and limiting public transportation. In addition, non-essential businesses that employ 10 or more employees were limited to 30% of their workforce. Essential services such as grocery stores, health services and pharmacies continue to operate normally.

As at 24 April 2020 the trajectory of the coronavirus (COVID-19) outbreak remains highly uncertain and the Issuer cannot predict the duration, severity or effect of the pandemic or any future containment efforts. There is a risk that the spread of coronavirus (COVID-19) and the measures taken to contain its spread, including instituting a lockdown that has resulted in businesses slowing or shuttering operations, may continue to have adverse effects on Israel's economy and financial markets, including an economic recession.

### **Update of the Summary of the Programme and the Notes**

A summary of the Programme and the Notes (the "**Summary**") is included in the Base Prospectus in the section entitled "*Summary of the Programme and Terms and Conditions of the PD Notes*" beginning on page 1. The Summary is made up of disclosure requirements known as "Elements". These elements are numbered in Sections A – E (A.1 – E.7).

As a result of the update to the Base Prospectus set out above under "*Information Incorporated by Reference*" and "*Risk Factors*" in this Supplement, Elements B.47 and B.48 of the Summary shall be deemed to be updated as set out below:

<b>SECTION B – THE ISSUER</b>		
<b>B.47</b>	<b>Description of the Issuer, including its economy.</b>	<p>State of Israel is a sovereign issuer, located in the State of Israel.</p> <p>The government of Israel has announced it is preparing a large stimulus plan to support Israel's economy and mitigate the economic impact of coronavirus (COVID-19). The stimulus plan and other measures that the government of Israel is considering include: 1) providing unemployment benefits for employees who are temporarily not working and on unpaid leave, 2) providing credit for businesses, 3) supporting the self-employed and 4) providing additional investment in health preparedness. While the economic cost of coronavirus (COVID-19) is difficult to predict, the government of Israel expects that gross domestic product ("<b>GDP</b>")</p>

**SECTION B – THE ISSUER**

		<p>growth will be negative in 2020 and that Israel’s deficit and debt-to-GDP ratio will increase.</p> <p>The Israeli economy grew, based on preliminary estimates, at a pace of 3.3% in 2019, as compared to growth rates of 3.4% in 2018, 3.6% in 2017, 4.0% in 2016, 2.3% in 2015 and 3.8% in 2014. The lower growth rate in 2018 was due to a decrease in investment in residential construction and in private consumption. In 2019 the growth rates were 4.6% in the first quarter, 0.8% in the second quarter and 4.0% in the third quarter. The volatility between the quarters was due to the change of pattern in imports of vehicles, in which there was a large import in the first quarter at the expense of the second quarter due to changes in the policy of taxation on eco-friendly vehicles in April 2019. If we deduct the tax revenues from imports of vehicles then growth rates were 3.3%, 2.8% and 3.4%, respectively.</p> <p>In 2018, private consumption grew at a rate of 3.7%, which is less than the five-year average of 4.3%. This stabilization in private consumption follows years of rapid increases due to high employment, low interest rates and low inflation rates. Increases in consumer prices, moderation in the growth of consumer lending and decreasing consumption of durable goods contributed to the slowing growth in private consumption; however, private consumption continues to grow at a faster rate than Israel’s GDP.</p> <p>In recent years, alongside the continuation of accommodative monetary policy, fiscal policy was also expansionary, which was reflected in a rise of civilian expenditure as a share of GDP and a reduction of taxes. These accommodative fiscal and monetary policies, low inflation rates, minimum wage increases and higher participation rates contributed to a continued decline in poverty rates.</p>
<p><b>B.48</b></p>	<p><b>Public finance and trade.</b></p>	<p><b><i>Balance of Payments and Foreign Trade</i></b></p> <p>In the first three quarters of 2019, Israeli net exports were \$5.3 billion and the current account balance was 3.9% of GDP (seasonally adjusted figures). Israel had a current account surplus of 2.6% of GDP in 2018, an increase from 2.4% in 2017. Israeli net exports decreased from a peak surplus of \$9.0 billion in 2015 to \$5.0 billion in 2016 and to \$4.0 billion in 2017, and decreased to \$1.5 billion in 2018.</p> <p>Exports grew by 5.6% in 2018, which is higher than the average growth rate over the last five years of 1.6%. Services exports increased significantly while goods exports continued to stagnate. In 2018, exports constituted 29.4% of GDP and imports constituted 29.0% of GDP. Goods exports are mainly affected by the real effective exchange rate and by global demand, whereas the main factor that impacts the Israeli services exports, particularly high-tech exports, is the growth of global technology industries. The growth of exports expanded compared to 4.1% in 2017. Following the global financial crisis from 2008 to 2009, Israeli exports have recovered significantly as a result of the development of the high-tech sector, tourism and business services, which led to increased service exports.</p> <p>Imports grew by 6.4% in 2018. The growth rate of imports from 2016 to 2018 was higher than that of GDP, which is a result of the continued appreciation of the Shekel in the past decade. In 2018, the Shekel depreciated in real terms after a few years of appreciation. The Bank of Israel’s foreign exchange purchases in 2018 were to offset the effect of natural gas production on the exchange rate.</p> <p>Over the past five years, the NIS/USD exchange rate has averaged 3.7, fluctuating between a high of 4.05 (recorded on March 20, 2015) and a low of 3.39 (recorded on January 26, 2018). The current exchange rate (3.456 as of December 31, 2019).</p>

**SECTION B – THE ISSUER**

is below the five-year average. As of November 2019, foreign currency reserves stood at \$122.4 billion, equivalent to 31.9% of GDP. The reserve level has been around 30% since late 2009. Following a concentrated effort by the Bank of Israel to raise the reserve level in 2008 and 2009 by making daily purchases of foreign currency, the Bank's policy has been to intervene in the foreign currency market on a discretionary basis if there are unusual movements in the exchange rate that are inconsistent with underlying economic conditions or when conditions in the foreign exchange market are disorderly. In addition, since 2013, the Bank has been purchasing foreign currency to counteract the effects of natural gas production in Israel on the exchange rate. The Bank of Israel intends to reassess its policy on making such purchases after Israel's sovereign wealth fund becomes operational, which is expected in the next few years.

Israel is a party to free trade agreements with its major trading partners and it is one of the few nations that has signed free trade agreements with both the United States and the European Union (the "EU").

***Fiscal Policy***

The budget and economic plan for the 2019 fiscal year was approved by the Knesset on March 15, 2018, and the deficit target was set at 2.9% of GDP; the deficit for the years 2017 and 2018 stood at 1.9% and 2.9%, respectively. The deficit for 2019, based on preliminary estimates, was 3.7%, slightly above the deficit target. Since 1995, the deficit has exceeded 4% only in 2003 and 2009.

In 2018, Israel continued its debt reduction policy and reduced its ratio of government debt to GDP from 90% in 2002 to 60.9% in 2018. Budget proposals in Israel are constrained by two fiscal rules. The "deficit ceiling" sets the maximum deficit-to-GDP ratio, which has been modified several times, most recently to set the deficit target for the 2019 budget at 2.9%. The "expenditure ceiling" sets a ceiling for year-to-year growth in government expenditure; under the current formula prescribed by law, the expenditure ceiling is based on the average population growth rate in the three years prior to the submission of the budget plus the ratio of the medium-term debt target (50%) to the current debt-to-GDP ratio.

Due to the recent elections, the current government is considered a transitional government and a budget for 2020 has not yet been passed. As a result, as of January 1, 2020 the budget is now functioning based on the 1/12 regime. According to the law, each month the government may spend 1/12 of the original approved budget for 2019 (including the debt principal and adding inflation). This will continue until a budget for 2020 is passed.

***Inflation and Monetary Policy***

The average annual inflation rate over the last decade (2008 – 2018) was near the middle of the Government's target range (1% – 3%) and stood at approximately 1.3%. The changes in the CPI reflect a rise in the prices of commodities, housing, oil and agricultural products. In 2015 – 2016, the inflation rate was negative, reaching a low of -0.6% in 2015. Since 2015, there has been a slow rise in the CPI growth rate, amounting to -0.5% in 2016 and returning to positive values in 2017 at 0.2%. In 2018 the inflation rate was 0.8%, below the target range. Though the inflation rate declined slightly in December 2018 as a result of the decline in oil prices, the rate increased in early 2019 and from November 2018 to November 2019, the CPI rose by 0.3%.

<b>SECTION B – THE ISSUER</b>		
		Between 2004 and 2008, the key interest rate set by the Bank of Israel mostly fluctuated between 2.5% and 5.5%. Due to the slowdown in the Israeli and global economies, toward the end of 2008 the Bank of Israel began to reduce the key interest rate until it reached 0.5% in mid-2009. As Israel's economy recovered, the Bank of Israel began to gradually increase the key interest rate until it peaked at 3.25% in June 2011. However, in October 2011, the Bank of Israel once again began to repeatedly reduce the key interest rate, until it reached 0.1% in March 2015. It remained at this level until December 2018, when the key interest rate was increased to 0.25%. Since then, the key interest rate has remained at that level. The real interest rate averaged -0.6%, -0.5%, -0.1%, -0.2% and -0.9% in 2014, 2015, 2016, 2017 and 2018, respectively. As of the end of November 2019, the real interest rate, less inflation expectations, was -0.6%.

<b>SECTION D – RISKS</b>		
<b>D.2</b>	<b>Key risks specific to the Issuer.</b>	Escalation of political volatility in the Middle East and North Africa region and worsening of global economic conditions may have an adverse effect, if these risks materialise, on Israel's economy and its financial condition and credit. The worldwide economic effects of the outbreak of the coronavirus (COVID-19) could adversely affect Israel's economy. By investing in the Notes, an investor is exposed to the risk that some or all of these factors could negatively affect the Issuer, and in turn, negatively impact the value of the Notes.

#### **Increase in Programme Limit**

The Programme Limit was increased from the current limit of €12,000,000,000 to €20,000,000,000 (or its equivalent in other currencies) on the date of this Supplement, subject to further increase as described in the Programme Agreement dated 10 September 1996, as amended and restated by an Amendment and Restatement Agreement (Programme Agreement) dated 17 July 2019 (as modified and/or supplemented and/or restated from time to time).

#### **Important Notices**

This Supplement is supplemental to, forms part of and must be read in conjunction with, the Base Prospectus.

This Supplement has been approved by the FCA, which is the United Kingdom competent authority for the purposes of the Prospectus Directive and relevant implementing measures in the United Kingdom, as a base prospectus supplement issued in compliance with the Prospectus Directive and relevant implementing measures in the United Kingdom.

The Issuer accepts responsibility for the information contained in this Supplement. To the best of the knowledge and belief of the Issuer (which has taken all reasonable care to ensure that such is the case), the information contained in this Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information.

To the extent that there is any inconsistency between (a) any statement in this Supplement or any statement incorporated by reference into the Base Prospectus by this Supplement and (b) any other statement in or incorporated by reference in the Base Prospectus, the statements in (a) above will prevail.

Save as disclosed in this Supplement, there has been no other significant new factor, material mistake or inaccuracy relating to information included in the Base Prospectus which is capable of affecting the assessment of Notes issued under the Programme since the publication of the Base Prospectus.